



The Real Estate ANALYST

JANUARY
1944

Roy Wenzlick
Editor

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values...Current Studies...Surveys...Forecasts

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REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

VOLUME XIII

21 FORECASTS FOR 1944

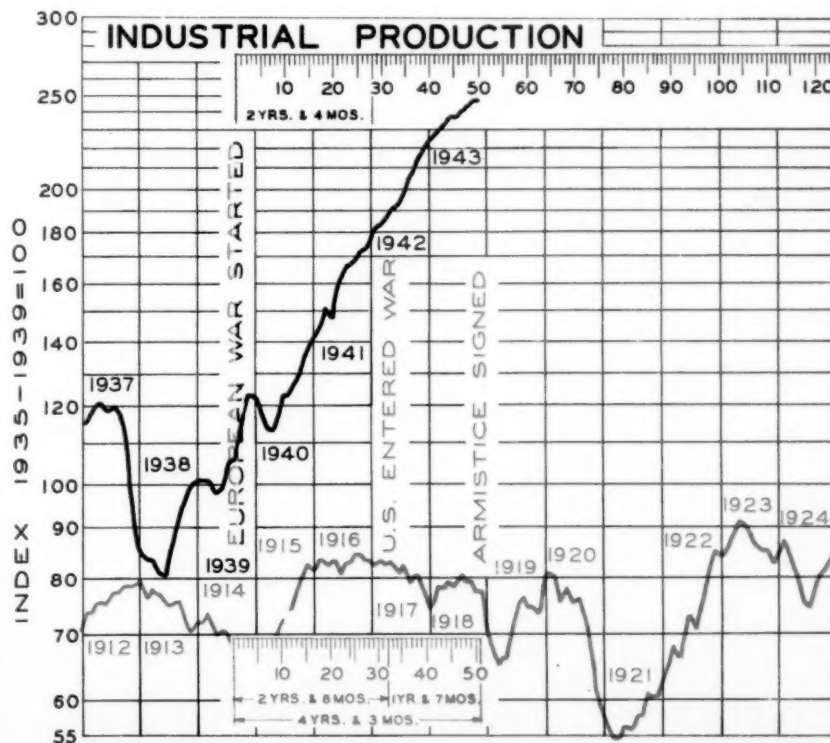
OUR forecasts for 1944 are given on the following pages. This is the eleventh consecutive year in which we have attempted to forecast in detail the trends for the next twelve months. We are particularly hesitant this year to make these forecasts because many of the items will be affected by the public reaction to the development in the European and Pacific war and by decisions which will emanate from Washington.

One well-known market forecaster has recently said: "Forecasting consists of making guesses concerning what guesses the public as a whole will make in the near future concerning the more distant future about which they have no evidence. And even though the public may guess wrong, and act accordingly, our job is to 'guess' the wrong guesses of the public--even though we may ourselves make the right guesses as to the ultimate future economic and political developments. Such is the art of forecasting."

There is considerable truth in this statement. Many trends in 1944 will move in opposite directions from those they should take because the public, with limited information at their disposal, will guess wrong regarding the future and will implement their guesses with their dollars.

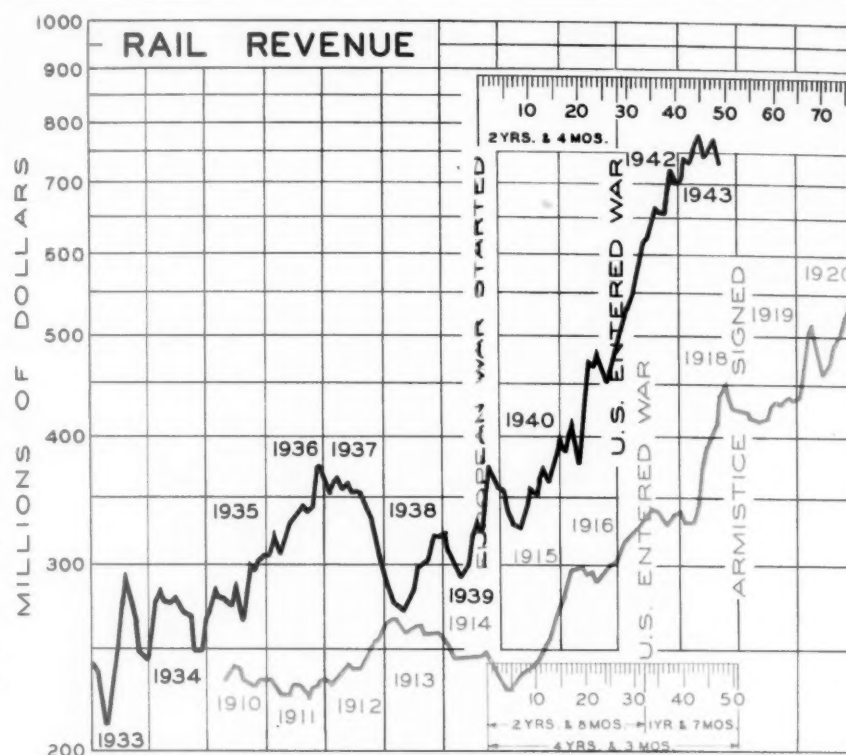
1In our forecasts of a year ago, we said that industrial production would increase about 10% during 1943. The actual increase was 10.8% on the Federal Reserve index. We pointed out then that in World War I the trends were downward in industrial production after we actually entered the war.

In 1944 we think that industrial production will move sideways and downward, ending the year about 20% below the current level. Curtailment of some war lines will not be offset by a compensating increase in civilian production.



2 Rail revenue, as shown on the chart to the right, increased by 12.6% during 1943 although freight carloadings showed a slight drop. Passenger traffic increased markedly.

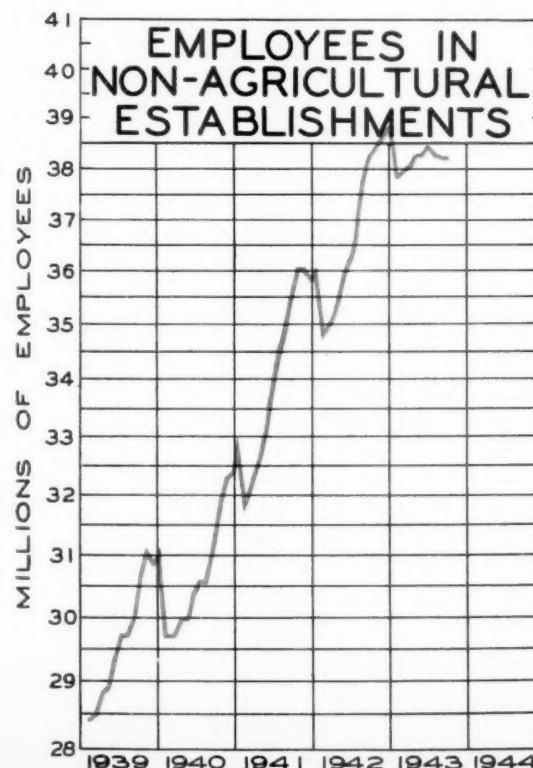
If rates are held at their present level, rail revenue will probably move sideways during 1944. If equipment were available, freight carloadings and passenger traffic would increase, but in our opinion we have reached the practical limit of capacity. Transportation of all types will remain a bottleneck during all of 1944.



3 A year ago we said that the shortage of employable persons would become the major problem in American industry during 1943. This has been borne out by the actual experience of all employers. As long as the war lasts in Europe, there will be little change from the present scarcity condition. The number of millions of employees will remain rather close to the present level. As soon as the war in Europe is over, however, there will be a gradual lessening of the shortage, due to the cancellation of war orders before industry can reconvert to civilian production. If the collapse of Germany comes in the spring, by fall a noticeable improvement should have taken place in the manpower shortage. However, the shortages will remain fairly acute during all of 1944.

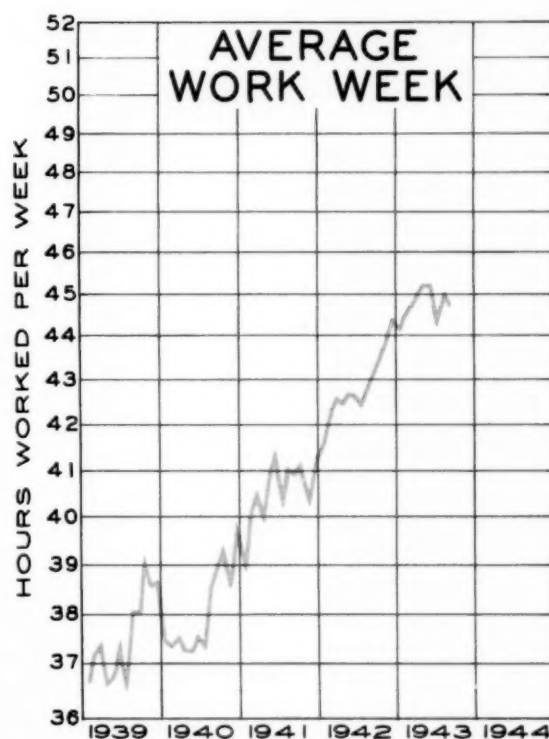
4 The average work week in the United States increased rapidly from July of 1940 until about the middle of 1943. During this period it increased from 37.2 to 45.3 hours per week. Since the middle of 1943, however, the average work week has been dropping slightly until now it is running 44.7. Unless we experience severe military reverses, the average work week in the United States for the balance of the period of the war in Europe will drop slightly from the present level. After the end of the European war the average work week will drop as the need for many war materials is lessened, and as some of the basic materials needed for large reconversions to civilian goods will not be available.

It seems that under existing conditions in the United States it is practically impossible to secure the cooperation of labor on a longer work period. Were we as close



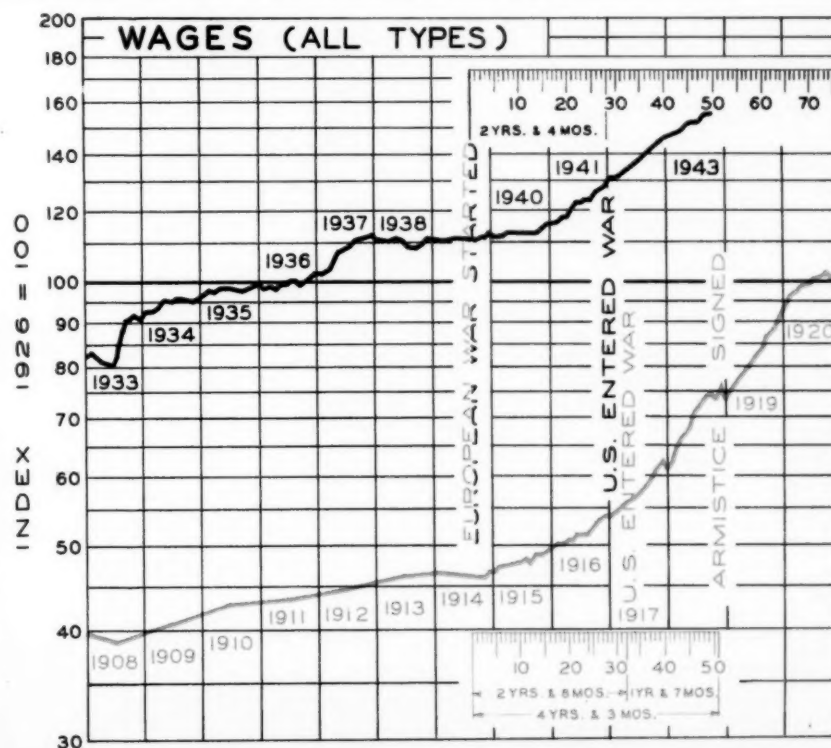
to the war as England or Russia, a 55- to 60-hour work week might be possible as it is in those countries. Time and a half for over time does not seem sufficient incentive in many war plants to keep a production staff with low turn-over.

5 The general level of wages will continue upward during 1944, in spite of the attempts of the government to halt the rise. It is now considerably more than a year since wages were theoretically frozen and it will be noticed that the line on our chart at the bottom of the page has continued upward at about the same rate as it did in 1941 and 1942. The index we have used here attempts to measure the general level of all wages, including teachers, government employees and industrial workers. As many wage classifications, especially in the white-collar field, advance more slowly than those of mechanical workers, this index has not shown the same advance in the war period as the index on the following page showing wages in manufacturing industries only.



The average wage for all types of work as shown by the chart on the bottom of this page has made tremendous gains since 1908. At that time wages were about 39 on our index; when the First World War started they were 46; when the Armistice was signed they were 74; in 1920 they reached 101; at the bottom of the big depression in 1933 they were 81; when the present war started they were 111 and at the present time the index is 157. This is considerably more than double the level of the corresponding period in the First World War. This is a far bigger increase than the increase in prices, which means that the purchasing power of the average worker has increased markedly. This increase has been primarily due to more efficient methods of production and to the greater use of labor-saving machinery.

6 The chart at the top of the following page shows the trend of industrial wages during this war and the First World War. It will be noticed that industrial wages are now 80½% above the 1926 level, while all wages are merely 57% above the 1926 level. This emphasizes again the preferential treatment which industrial

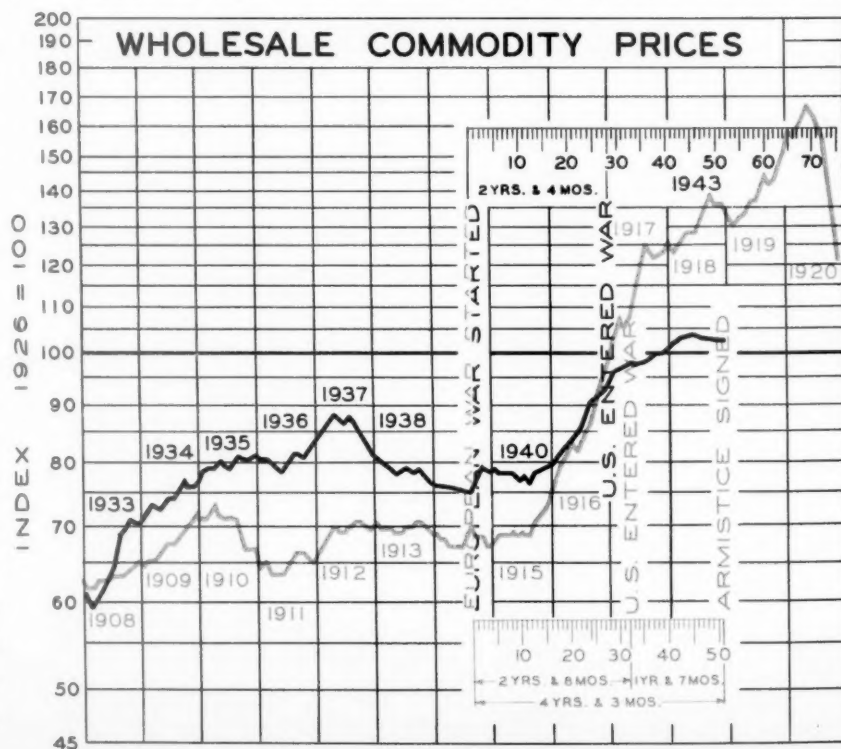
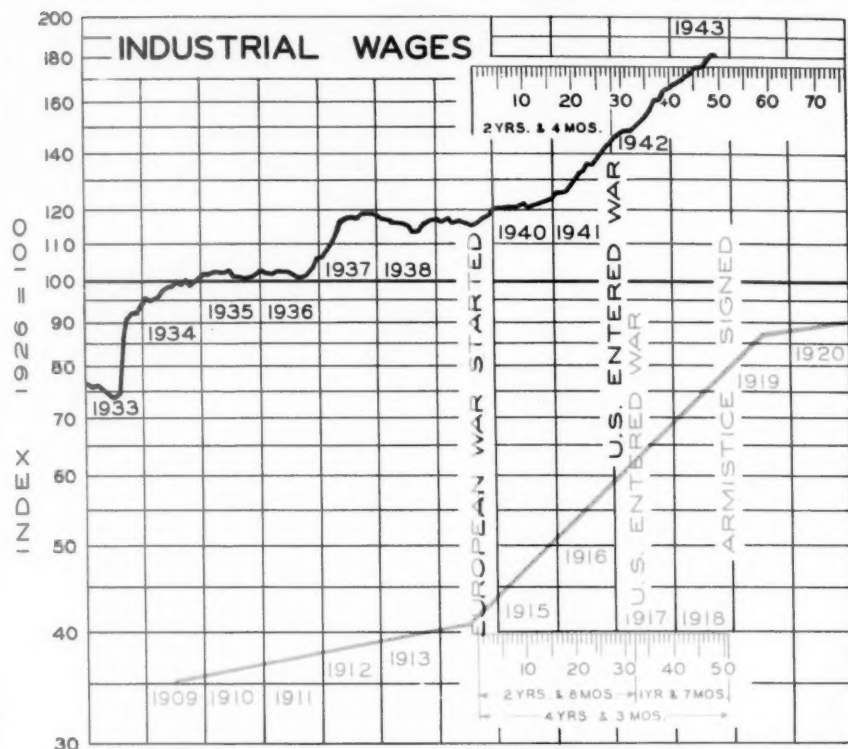


workers have received from the government in securing wage adjustments, largely through the threat of nation-wide strikes on the part of powerful unions.

7 The Bureau of Labor Statistics index of wholesale commodity prices gained very little during 1943 as is shown by the chart below. It will be noticed that commodity prices are considerably below their level for the comparable period of the First World War.

Actual increases in prices have been greater than those shown by the index. Black markets, second-hand sales and deterioration of quality are all concealed in a quantitative index of this sort. Subsidies have been used to some extent in keeping the real rise from being apparent.

It is a great deal easier to control prices during a period of actual war participation than it is after the emergency is passed. During the First World War, as shown on the chart, prices rose relatively little in the latter part of 1917 and during 1918. The big rise came during 1919 and the first part of 1920. There is still grave doubt regarding the ability of the government to prevent price rises during the balance of the war but particularly in the post-war period. Wages, which in the last analysis comprise the major part of all production costs, have risen markedly on an hourly basis, without a sufficient increase in production to keep the unit cost from rising. The labor unions expect to put on a campaign to increase rates still further at the time when overtime is discontinued so that the "take home" wages for a shorter work period will equal the "take home" wages now being received for regular time and overtime. This will increase the unit cost of production still further and will contribute to higher prices in the post-war period after the reversion is finished.



8 The rise in the cost of living has been more gradual than was anticipated during 1943. The seriousness of the war has enabled the government to secure a greater degree of cooperation in rationing and price control than would otherwise have been possible and, in addition, subsidies have been used to some extent to conceal price increases.

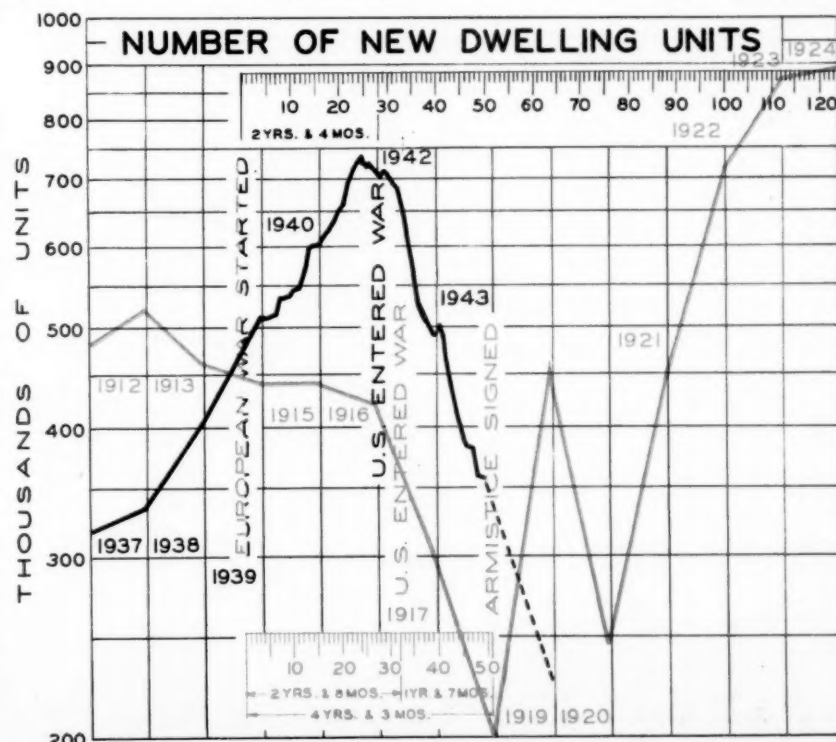
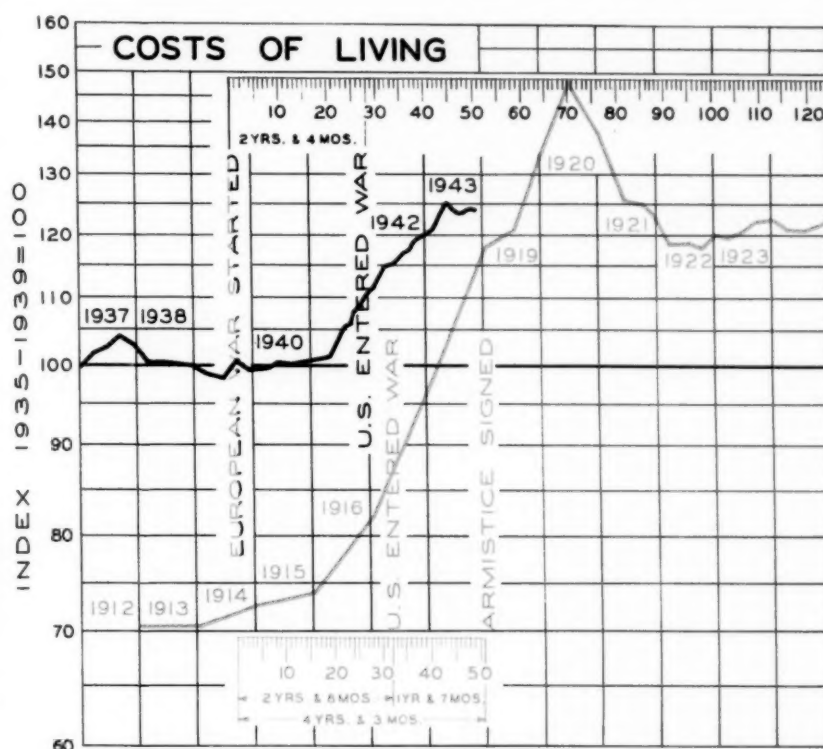
There has been much criticism of the cost of living index, particularly by labor unions who believe that it does not represent the actual increases in the cost of living.

During 1944 the cost of living will continue to increase, but as long as the war continues in Europe the rise will probably be dampened considerably by rationing and price control.

9 From 1940 through the first part of 1943 the greatest migrations of population were taking place in the United States. As a rule, farming communities were losing rapidly to metropolitan areas where war work was being done. Until this last year, however, young men were not being withdrawn from civilian life in sufficient numbers to decrease the civilian population of the country, but during 1943 the inductions were at such a rate that the civilian population decreased by 2.4%.

During 1944 population shifts among various sections of the country will slow down very materially. If the war in Europe ends early in the year, some re-shifts will take place in the latter part of 1944 but the greater percentage of persons who have moved to war centers will not move back during 1944 or 1945.

10 In 1944 new building will decline sharply from the low levels of 1943. The volume of building will depend entirely on the amount



allowed by the federal government. For that reason the best forecasts for 1944 are probably those issued by the government itself.

The Bureau of Labor Statistics estimates that 225,000 new nonfarm family dwelling units will be started in 1944. This is one-third fewer than the 344,000 units put under construction during 1943. It is about equal to the number of dwelling units built during 1935. The table immediately above the chart at the bottom of the page shows the total number of units in thousands built in nonfarm areas of the United States from 1920 through 1943 with the estimate for 1944.

Title VI war housing is expected to drop from \$756 million in 1943 to \$600 million in 1944. Public housing will drop from \$628 million in 1943 to \$200 million or less.

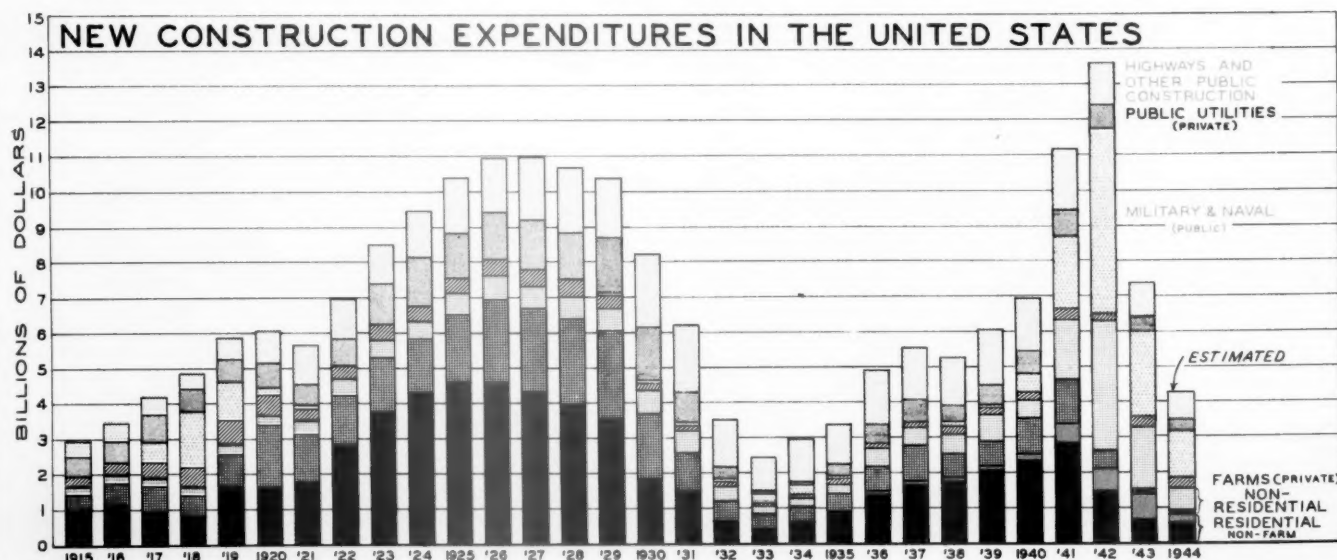
Practically all industrial building which will be necessary for the completion of war contracts has already been built; in fact, a number of industrial buildings have been started which will not be completed. Public industrial building during 1943 totaled \$1,737 million, but during 1944 there is slight chance that it will exceed \$650 million, and all of the building which does take place will be of certain types and in isolated communities with many cities having practically no industrial building whatever.

Military and naval construction in 1943 totaled \$2,474 million. This will drop to \$1,350 million in 1944, as practically all construction of this type necessary in the various camps and shipyards has been completed. Should the war end early in 1944 the chances are that military and naval construction during 1943 would drop to a far lower figure.

The chart at the bottom of the preceding page shows a striking comparison

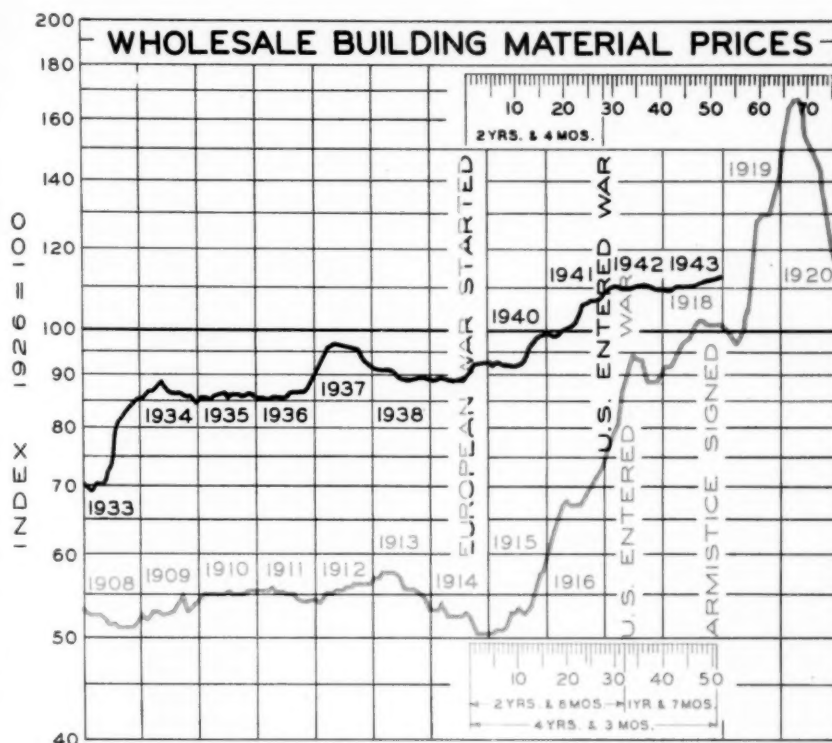
THOUSANDS OF NEW DWELLING UNITS IN NONFARM AREAS

1920 - 247	1925 - 937	1930 - 330	1935 - 221	1940 - 603
1921 - 449	1926 - 849	1931 - 254	1936 - 319	1941 - 715
1922 - 716	1927 - 810	1932 - 134	1937 - 336	1942 - 488
1923 - 871	1928 - 753	1933 - 93	1938 - 406	1943 - 344
1924 - 893	1929 - 509	1934 - 126	1939 - 515	1944 - 225



of the number of dwelling units built in this war and the last. If the Bureau of Labor Statistics is right for 1944, the dotted continuation of the solid blue line shows the war residential building will continue to drop.

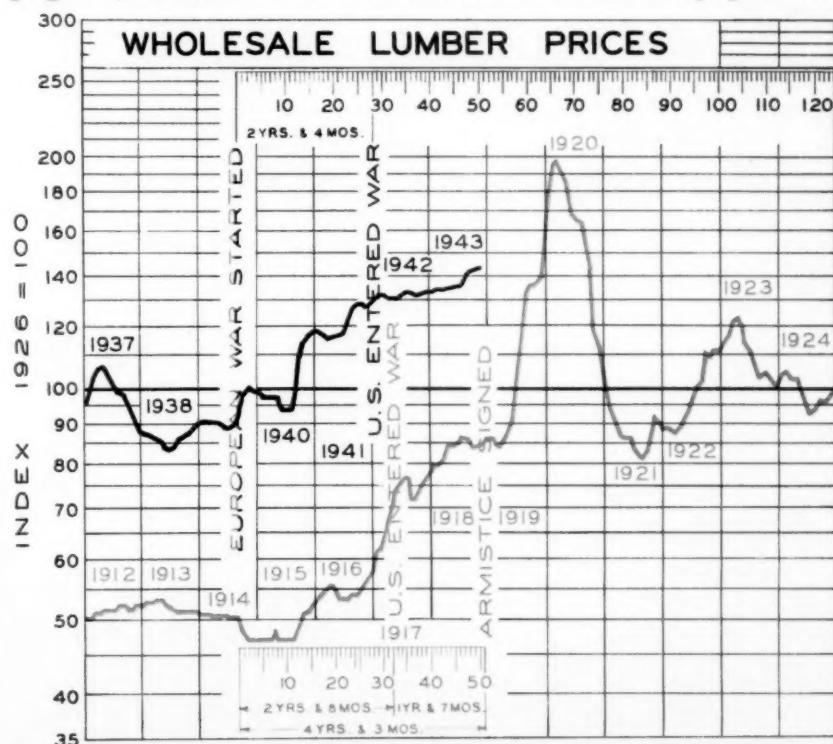
The chart at the bottom of the preceding page shows new construction expenditures in the United States in billions of dollars from 1915 through 1944, separated as to the various types of construction. This shows the curtailment which took place in 1943 and which will proceed much further in 1944.



11 The chart directly above shows building material prices in this war and the last. It will be noticed that there was very little increase during 1943. A year ago we said, "Building material prices on the average in the United States will show little change in 1943 in comparison with 1942. Price control on these items will hold fairly well during the year." We believe that the same forecast could be made for 1944 and that the upward movement of wholesale building material prices will be slight.

It is quite interesting to note that building material prices are considerably above the levels of the comparable period of the First World War. Contrast this with the chart on page 4, which shows wholesale commodity prices, and it will be noticed that commodity prices generally are below the levels of the First World War.

12 The chart to the right shows wholesale lumber prices. During 1943 prices advanced at a moderate rate. During 1944 lumber prices will continue upward in spite of the restrictions on building. Lumber stocks are the lowest on record and production in the woods and in the mills is being severely restricted by a shortage of labor. Lumber will remain one of the critical items until after the war.

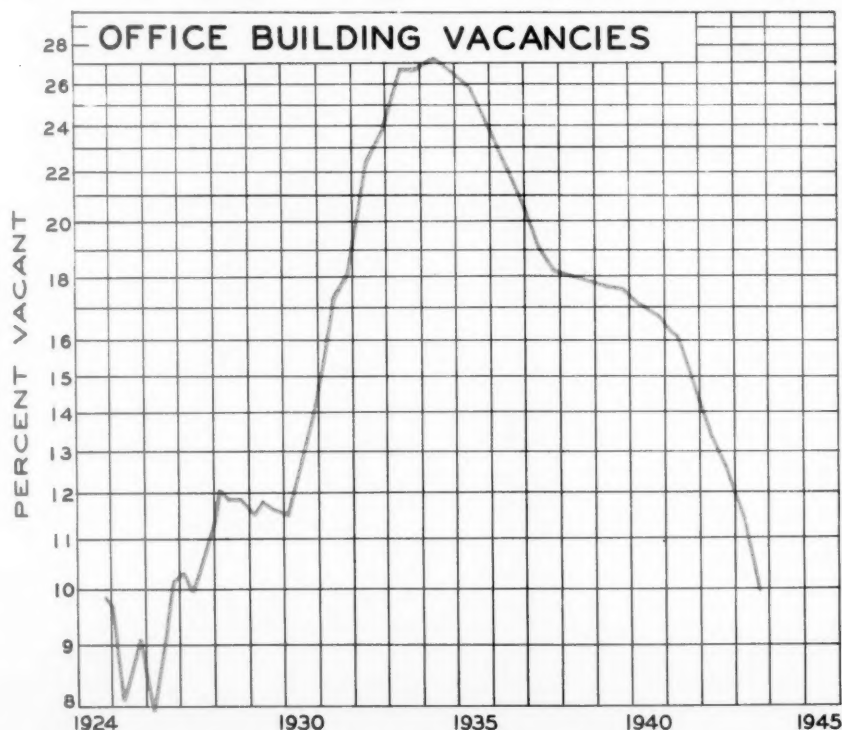
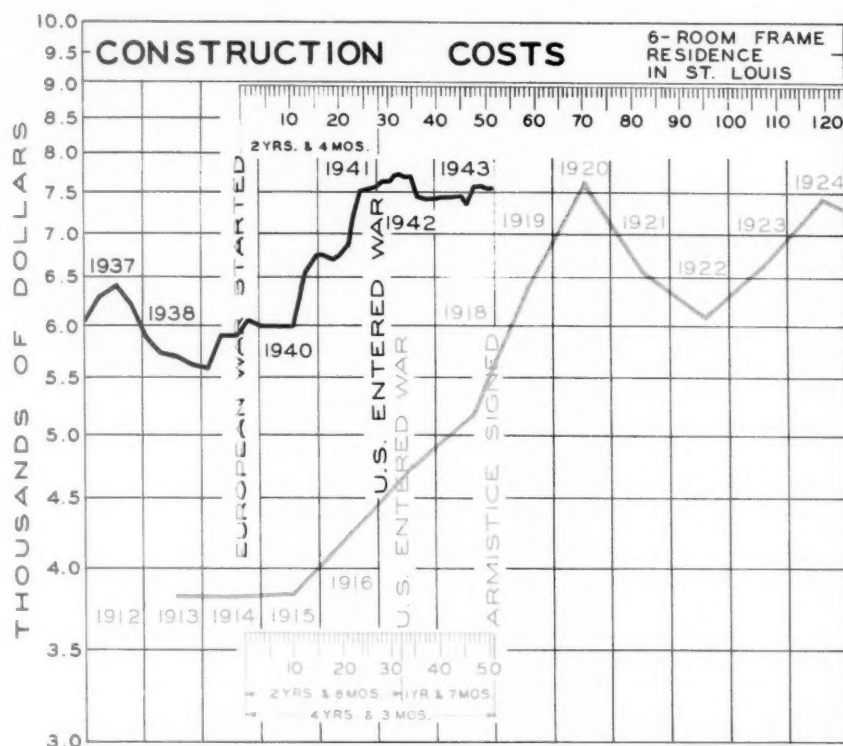


13 The actual cost of building a house will show little change during 1944, but such changes as do occur will be up rather than down. The chart to the left shows the construction cost of a six-room frame residence built in St. Louis and it will be noticed that the cost has not changed greatly during the past two years. A year ago in our forecast we said, "The actual cost of building a house will not change a great deal during 1943". Due to the very small amount of building in most cities the question of construction costs is largely

a theoretical matter. Were it possible for any large volume of construction to get under way, construction costs would rise very rapidly as there would be an insufficient number of skilled employees available for building labor and inefficient and unskilled help would increase the number of man-hours necessary for each operation in building the house. We think that the peak of construction costs will come some time in the post-war period when considerable building volume is under way.

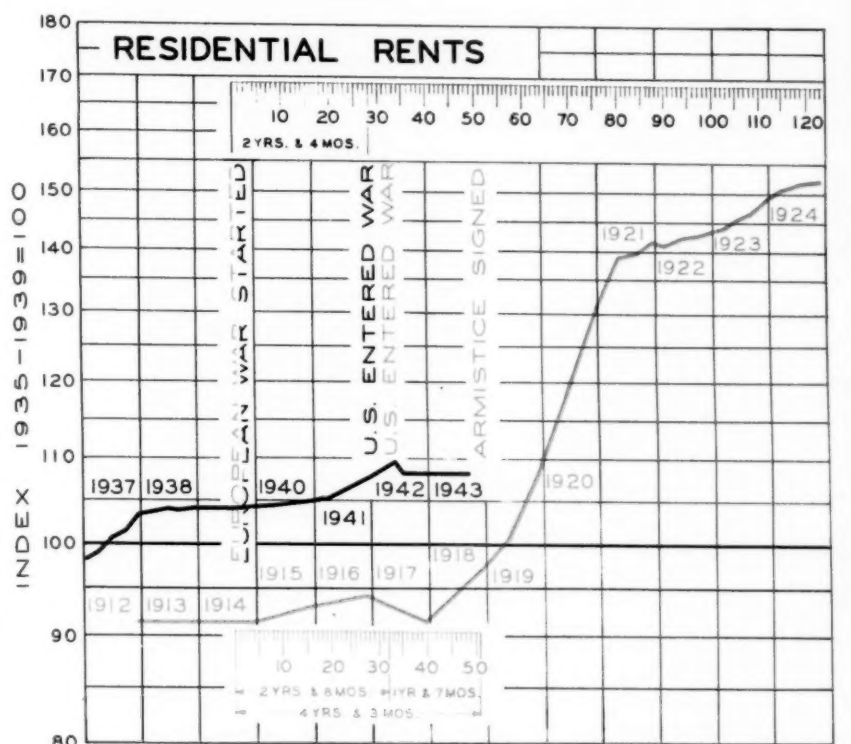
14 Office building vacancy in the United States has shrunk from more than 27% in 1934 to 10% in the fall of 1943. Outside of a few defense buildings and a few buildings being built by the federal government, no office building space has been made available in the recent past nor will any be built during 1944. We believe that this restriction on the supply will bring about a further reduction in vacancy, particularly in the first part of the year. Toward the latter part of the year occupancy may move sideways or may decrease slightly due to cancellation of war orders.

In the post-war period in our opinion the cost of building office buildings will be considerably higher than it was in the pre-war period, meaning that new



buildings cannot be built in competition with existing buildings until rents on existing buildings rise.

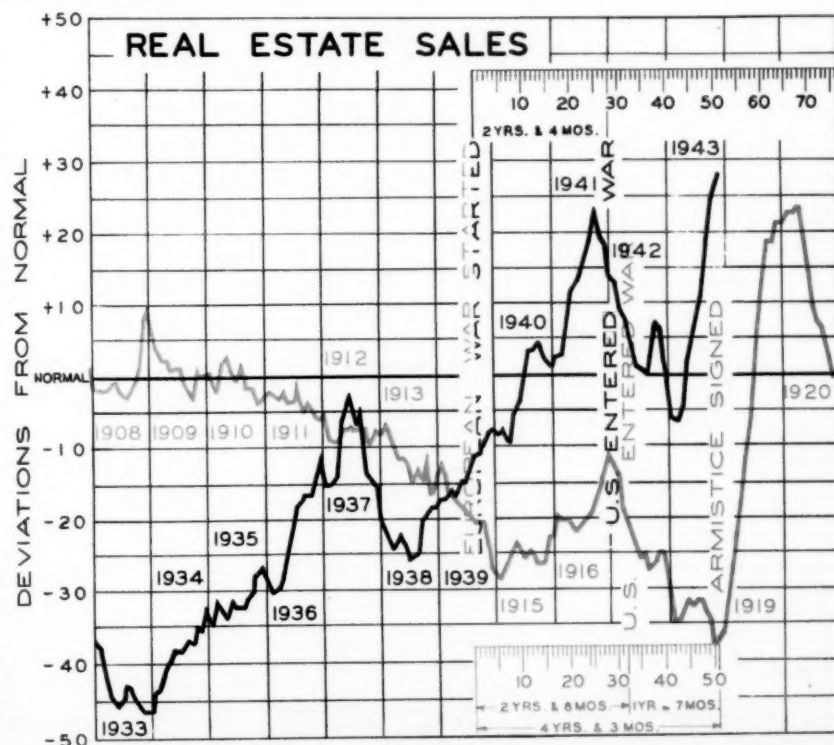
15 Residential rents in 1944 will move sideways. Rent ceilings will continue to hold with no possibility of great modification in the average community. The only communities in which rent control will be relaxed will be those in which shutdowns of war plants result in a lessened demand for housing. In these places, rents would not rise without rent control and so the relaxation of the rent control provisions will mean little. It should be remembered that in the last World War period the big rise in rents occurred not during the war but in the period that followed. It seems that the same thing may happen again.



16 The volume of real estate sales in 1944 is the hardest of all real estate trends to predict. The down payment requirements of the OPA, the long waiting period before tenants can be removed on a building which is sold and rigid rent control have all had a limiting effect on real estate activity. On the other hand, in many communities the pressure on the existing supply of real estate is so great that a high degree of activity has developed in spite of government regulations.

If the war in Europe ends this spring and industrial activity drops materially by the end of the year real estate sales will not continue to increase as they have but may contract during the period of lack of confidence.

We think it probable that real estate sales activity will increase this spring, will slow down slightly this summer and if the war is over in Europe before the middle of the year, activity may be retarded still further by the end of the year due to transitional unemployment.



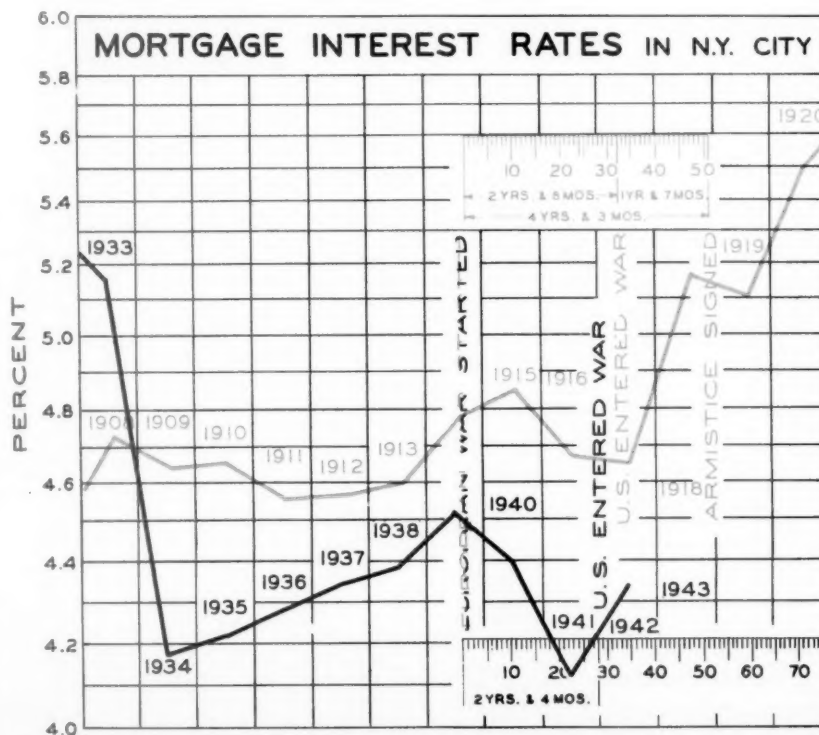
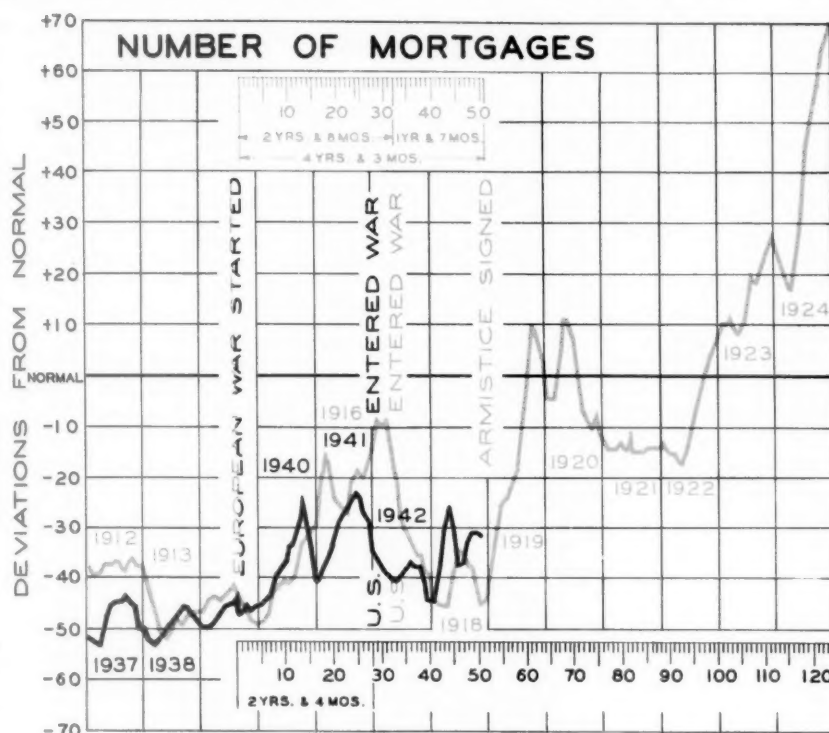
17 Mortgage volume will show no pronounced trend either up or down during 1944. It is already quite low and the lack of volume of new construction will prevent it from rising materially. On the other hand, the amount of activity in the real estate market with refinancing on existing properties should prevent it from dropping by any large amount from the present level.

It is quite apparent on the chart that mortgage activity in the present war has been repeating to the present time the pattern of the First World War period. We do not anticipate, however, the rapid upsurge at the conclusion of the war in Europe, as for many the cessation of hostilities will mean unemployment due to the cancellation of war orders. The East will be affected far more at the conclusion of the war in Europe than many of the places on the West Coast.

18 Interest rates jumped abruptly after the United States entered the First World War. The rise was retarded for a short time after the Armistice, followed by a second jump and an upward movement which continued until the late twenties.

There has been some degree of correspondence between the interest curves of the period twenty-five years ago and the present, but we do not anticipate as great a rise in interest rates in the period ahead as we experienced in the first post-world war period.

There is quite a difference of opinion at the present time on the future of interest rates. Many informed persons in Washington are looking forward to interest rates on single-family dwellings as low as $3\frac{1}{2}\%$. Their theories are based on the fact that

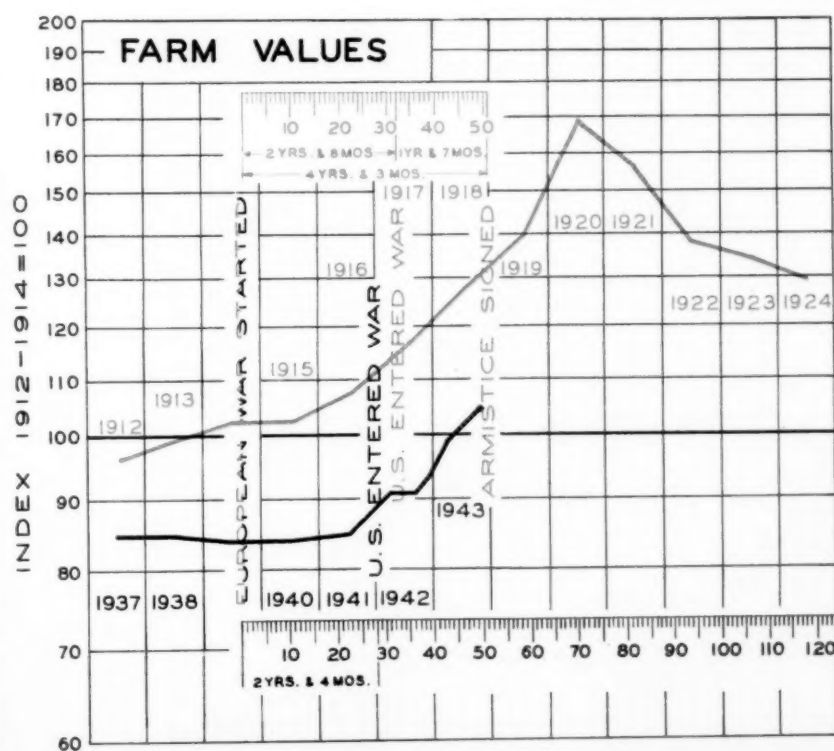
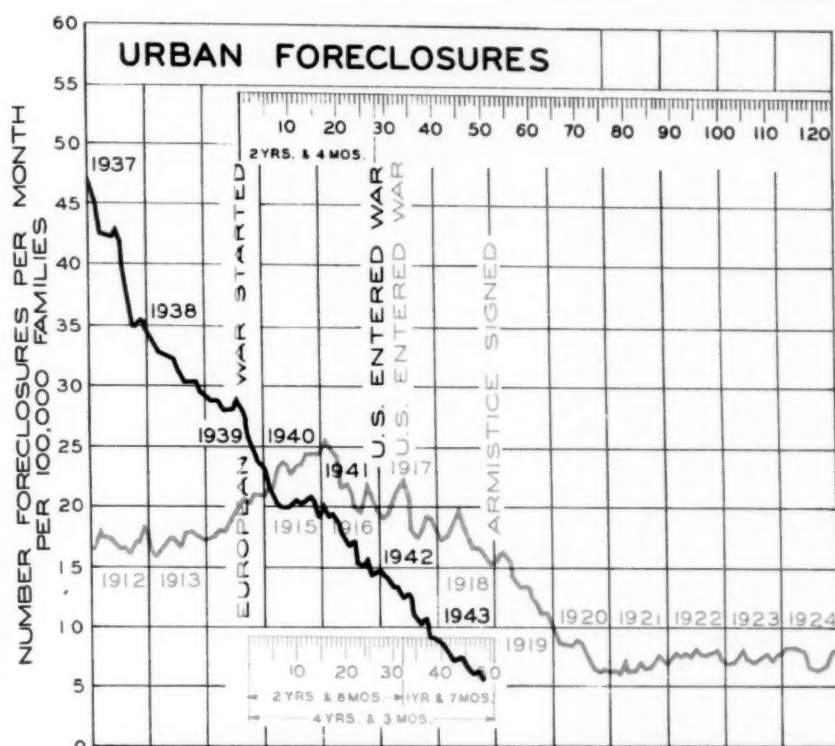


the United States has become a creditor nation and as a rule in creditor nations interest rates are low and, second, that the government has a rather firm control of the entire interest structure and will do everything it can to keep rates low during the period in which the war must be financed and refinanced.

19 In 1943 urban foreclosures sank to the lowest level they have reached as far back as we have been able to accumulate figures. We have reconstructed foreclosures in the United States back to 1870. During 1944 we see no reason for foreclosures rising and little possibility that they can sink much further. Therefore, during 1944 foreclosures will move in a sideways direction at an extremely low level.

20 Farm foreclosures during 1943 also reached a new low, although figures on farm foreclosures are not available for as long a period as are urban foreclosures. During 1943, 4.4 farms out of each thousand farms in the United States changed hands at forced sales. This compares with 38.8 during 1933. Our opinion is that during 1944 forced sales on farms will shrink to less than four per thousand of all farms, a low record which would surpass the low record of 1943.

21 Farm values during 1943 on the average rose by better than 1% per month. On November 1, 1943, farm values in the United States were 44% above the 1933 depression low but still 38% under the boom peak of 1920. Because of the unprecedented demand for farm products which will continue through all of 1944, tremendous pressure will be exerted by demand to cause the prices of farm products to rise. This in turn will make it profitable to farm land which was considered marginal and will increase values of all usable farm lands.

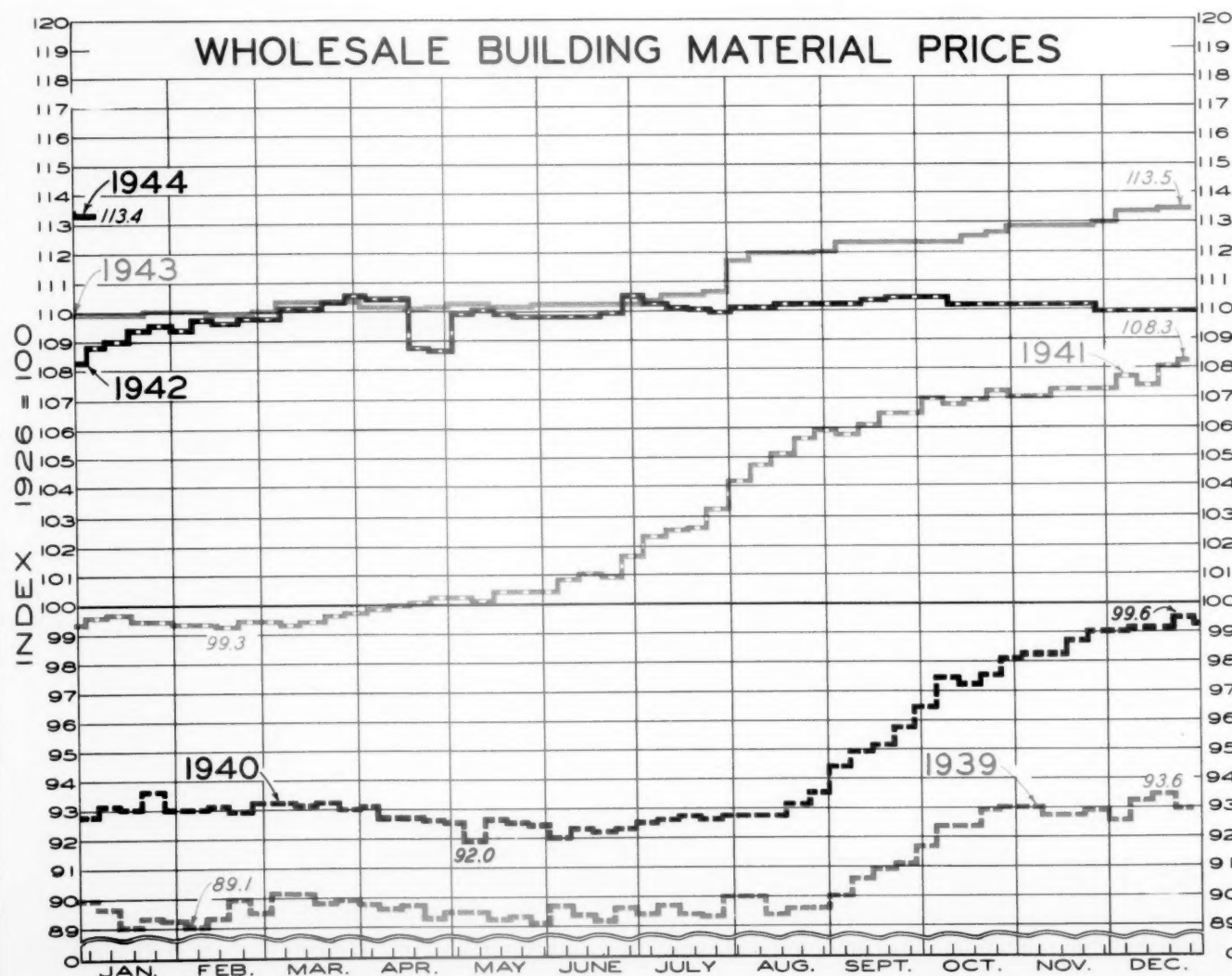


DWELLING UNITS CONSTRUCTED IN 48 STATES

THE number of new family accommodations built in all nonfarm communities of the 48 states and the District of Columbia is shown in the table below. Cumulative totals and twelve month moving totals for 1942 (blue) and 1943 (red) are given.

THOUSANDS OF UNITS

	MONTHLY				CUMULATIVE				12 MONTH MOVING TOTAL			
	1941	1942	1943	1944	1941	1942	1943	1944	1941	1942	1943	1944
JANUARY	41.2	34.1	50.6		41.2	34.1	50.6		617.7	708.1	504.2	
FEBRUARY	43.7	51.1	36.2		84.9	85.2	86.8		624.5	715.5	489.3	
MARCH	60.2	52.1	31.6		145.1	137.3	118.4		638.7	707.4	468.8	
APRIL	75.2	59.3	27.0		220.3	196.6	145.4		651.0	691.5	436.5	
MAY	70.7	61.0	33.0		291.0	257.6	178.4		664.7	681.8	408.5	
JUNE	77.2	46.3	22.1		368.2	303.9	200.5		697.9	650.9	384.3	
JULY	74.6	25.8	24.5		442.8	329.7	225.0		715.0	602.1	383.0	
AUGUST	69.8	26.2	28.4		512.6	355.9	253.4		729.1	558.5	385.2	
SEPTEMBER	67.0	42.6	22.3		579.6	398.5	275.7		737.7	534.1	364.9	
OCTOBER	56.2	29.9	25.0		635.8	428.4	300.7		727.7	507.8	360.0	
NOVEMBER	46.6	29.8	24.5		682.4	458.2	325.2		729.4	491.0	354.7	
DECEMBER	32.8	29.5	18.8		715.2	487.7	344.0		715.2	487.7	344.0	





VOLUME XIII

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1944

As I see

FUTURE FORECLOSURES

THE foreclosure rate on urban properties is now lower than it has been at any time since we have been able to compile records. Our measured figures go back to January 1870. Foreclosures of farm properties are also setting new lows, although farm foreclosure figures do not extend back for as many years.

Do these new lows indicate that present methods of financing have so reduced the risk element that the chances of foreclosure on mortgages made under present conditions are now negligible? Are foreclosure peaks similar to the ones in 1837, 1878 and 1933 no longer probable in the future? (See the long chart on the following page in this report.)

It is rather interesting that the three great peaks of foreclosures have occurred from 13 to 23 years after a war in which the United States was involved. Each of these wars was accompanied and followed by a general inflation of the price level. The War of 1812 caused an increase in the general price level of 60.4%, after which prices dropped for a period of 19 years. The Civil War caused an increase in the price level of 128%, after which prices dropped for 15 years. The First World War caused an increase in the price level of 144%, after which prices dropped for 13 years.

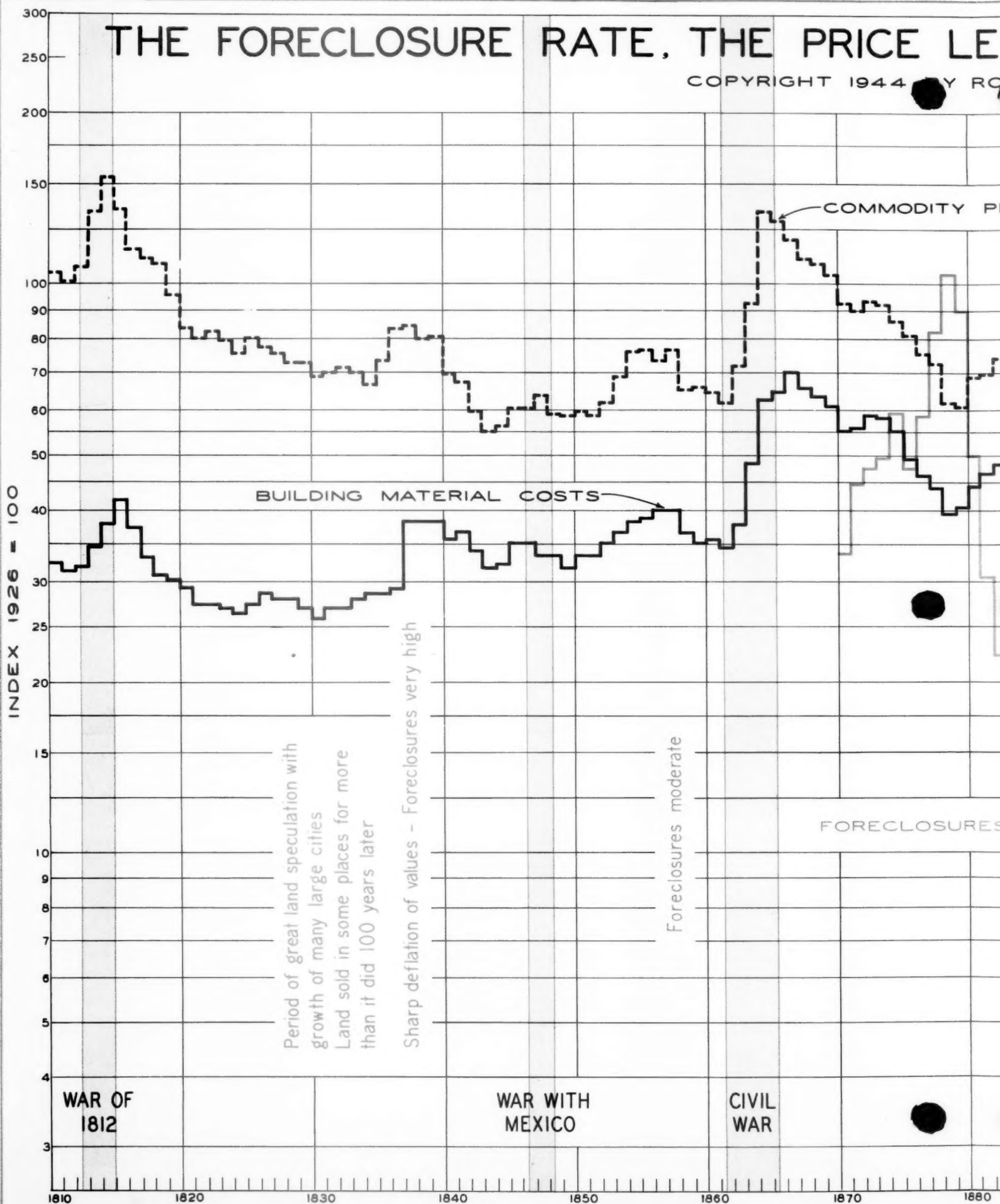
It will be noticed on the chart that between 1878 and 1933 two intermediate rises in foreclosures occurred, neither one assuming alarming proportions. The first occurred during the depression which started in 1893; the second during the First World War.

The Spanish-American and Philippine War did not cause as great a disturbance to our price level as prices rose very slightly, with no drop in the post-war period but a continuing rise. A very slight increase in foreclosures during the First World War period started 12 years after the close of the Spanish-American War, but was due primarily to the uncertainties which surrounded that period and to the fact that a building boom had occurred in the early 1900's which had overbuilt the market.

Whenever the general price level has risen in the past, the cost of building has increased at the same time. This has delayed new building until the scarcity drove rents and values on existing buildings to the point where new building could be built in competition. During every period in which building costs were rising, foreclosures have always dropped. This has been due to the following reasons: (1) In a period of rising real estate rents and values it is relatively easy to meet interest payments. (2) With real estate equities above the mortgages increasing there is no inclination to "get

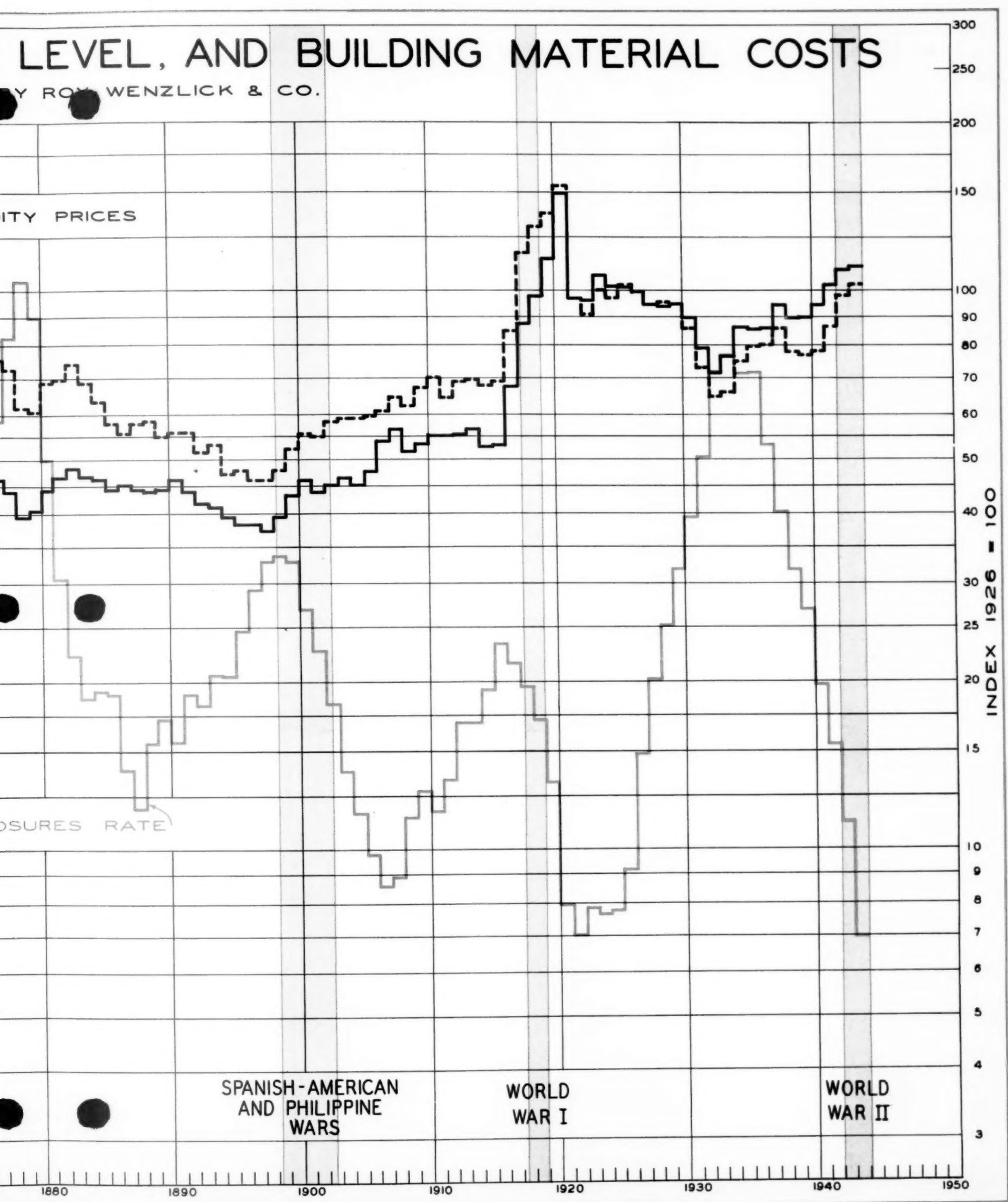
THE FORECLOSURE RATE, THE PRICE LE

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LEVEL, AND BUILDING MATERIAL COSTS

BY ROY WENZLICK & CO.



out from under." In a period of this sort there are no "voluntary foreclosures." (3) If the original owner can no longer carry the property, he can usually sell his equity to someone else who can, thus avoiding foreclosure.

In a period of falling prices, however, the opposite situation is true. Building costs fall. To use a drastic example, it may be that the house which five years ago cost \$10,000 to build can now be duplicated new for \$6,000. If it is assumed that the average depreciation rate on residences is 2% a year, it might be argued by some that the house of five years ago should now be worth \$9,000, deducting 2% x 5 years, or 10%, from the \$10,000. Actually, however, the house will be worth nearer \$5,400 as the depreciation should be deducted not from the original cost but from the replacement cost, and since the replacement cost is now \$6,000, 10% depreciation would reduce the net amount to \$5,400. If it was originally financed on a 75% loan, the original loan was \$7,500. Unless more than \$2,100 has been paid off on the mortgage in these five years, and this would be rather improbable on most loans being made now, the property is not worth the amount against it.

Whenever an owner finds out that he still owes more on his house than it would cost to build a similar house new, several things happen. (1) He becomes convinced that it doesn't pay to own his own home. If you question his opinion he can show that in five years his investment has depreciated in value by more than 45%. (2) He would rather have a new house which he could buy for less than he owes on the old one. (3) He will make no great effort to meet his payments if it involves hardship. (4) If he cannot keep up his payments he cannot sell his "equity" to someone else because he doesn't have an equity. Under these conditions, foreclosures have always risen rapidly in the past.

How do these general principles apply to the period ahead? (1) Building costs have already advanced by about 30% since the war started and by about 69% since 1932. This, not new methods of financing, is the real reason that foreclosures are now at record lows. (2) Building costs will probably advance much further before the top of the post-war inflation is reached. (3) So long as building costs continue to rise, foreclosures will remain near their present lows. (4) When building costs fall, foreclosures will rise. If the fall in costs is great, the rise in foreclosures will be great.



ROY WENZLICK



EXECUTIVE DIGEST

OF THE CURRENT REAL ESTATE ANALYST REPORTS

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ROY WENZLICK & CO.

Real Estate Economists, Appraisers and Counselors

Roy Wenzlick
Editor

VOLUME XIII

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REAL ESTATE ACTIVITY

The preliminary figure for real estate activity in December showed it to be 24.7% above the long-term computed normal. This compares with the final figure for November of 27.6% and for October of 25.8%. One year ago real estate activity was 1.1% above normal. When the war started in Europe in 1939, sales were 10.4% below the long-term normal.

The very slight drop in sales activity in December in relationship to the November figure probably does not indicate a change in trend. We think, however, that an interruption of the upward movement in real estate activity will come some time during 1944, but we believe that it would be more probable in the last six months of the year.

REAL ESTATE MORTGAGES

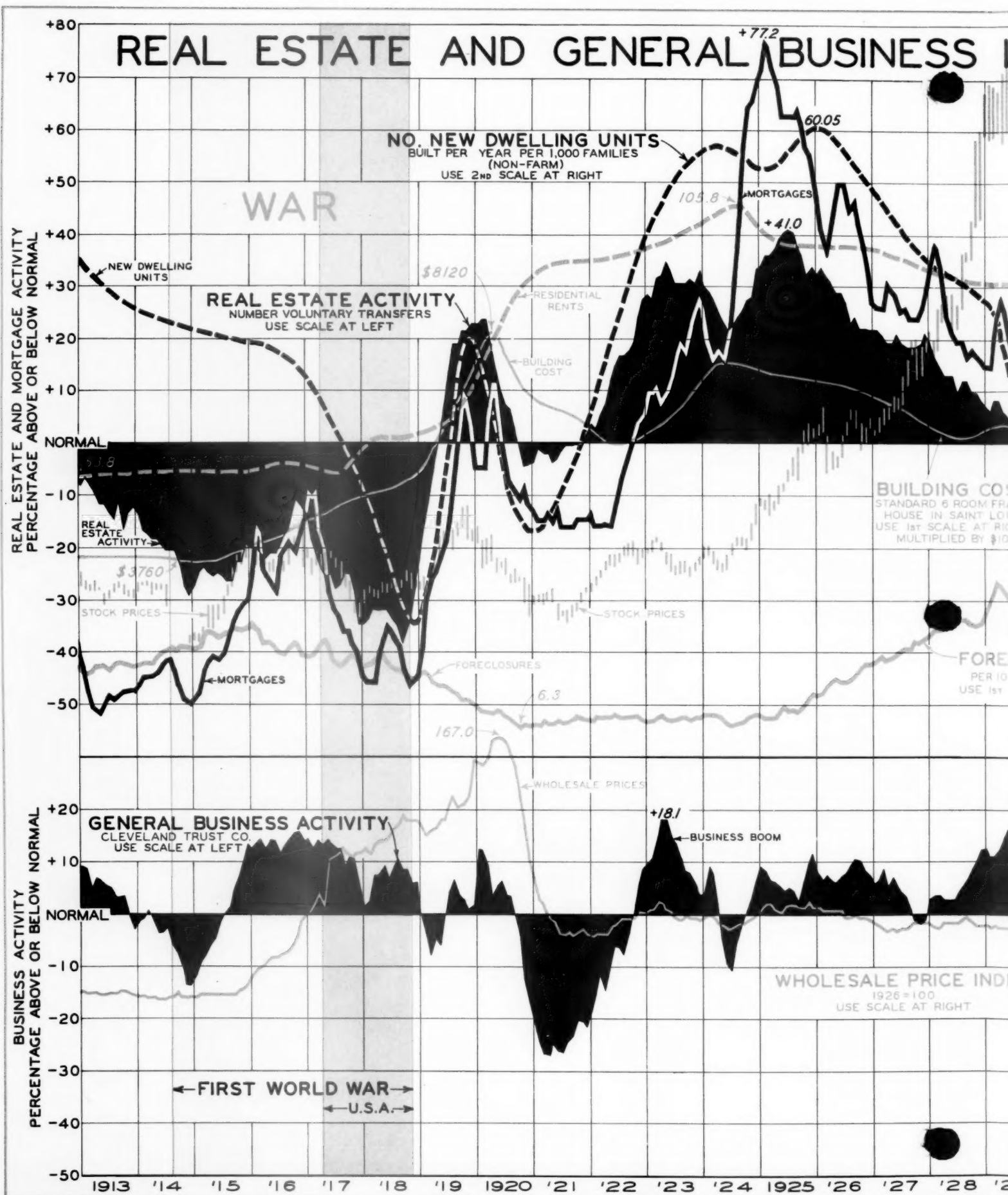
Real estate mortgage activity dropped slightly in December in comparison with the figures for the preceding three months. The December figure was almost identical with the August figure but it was above any of the preceding months of 1943.

Due to the limitations on building during 1944 it is not expected that mortgage activity can make any great gains, and before the year is over it may experience some losses.

RESIDENTIAL BUILDING

During December new building proceeded in nonfarm areas at a rate equivalent to 16.9 new family accommodations per thousand families per year. This compares with a level of 24 for December 1942 and 34.8 for December 1941. New building will be off sharply during 1944. Because of the inability to allocate the necessary amount of lumber to the building field, lumber has become one of the most critical of all war materials. The most optimistic estimate for production of lumber in 1944 would be 30 billion board feet. One of the great difficulties is the tremendous amount of lumber which is needed for the crating of war materials. In 1941, 4 billion board feet were used for crating. By 1942 this had increased to 8 billion board feet. In 1944 military estimates are that from 15 to 20 billion board feet will be needed for this purpose.

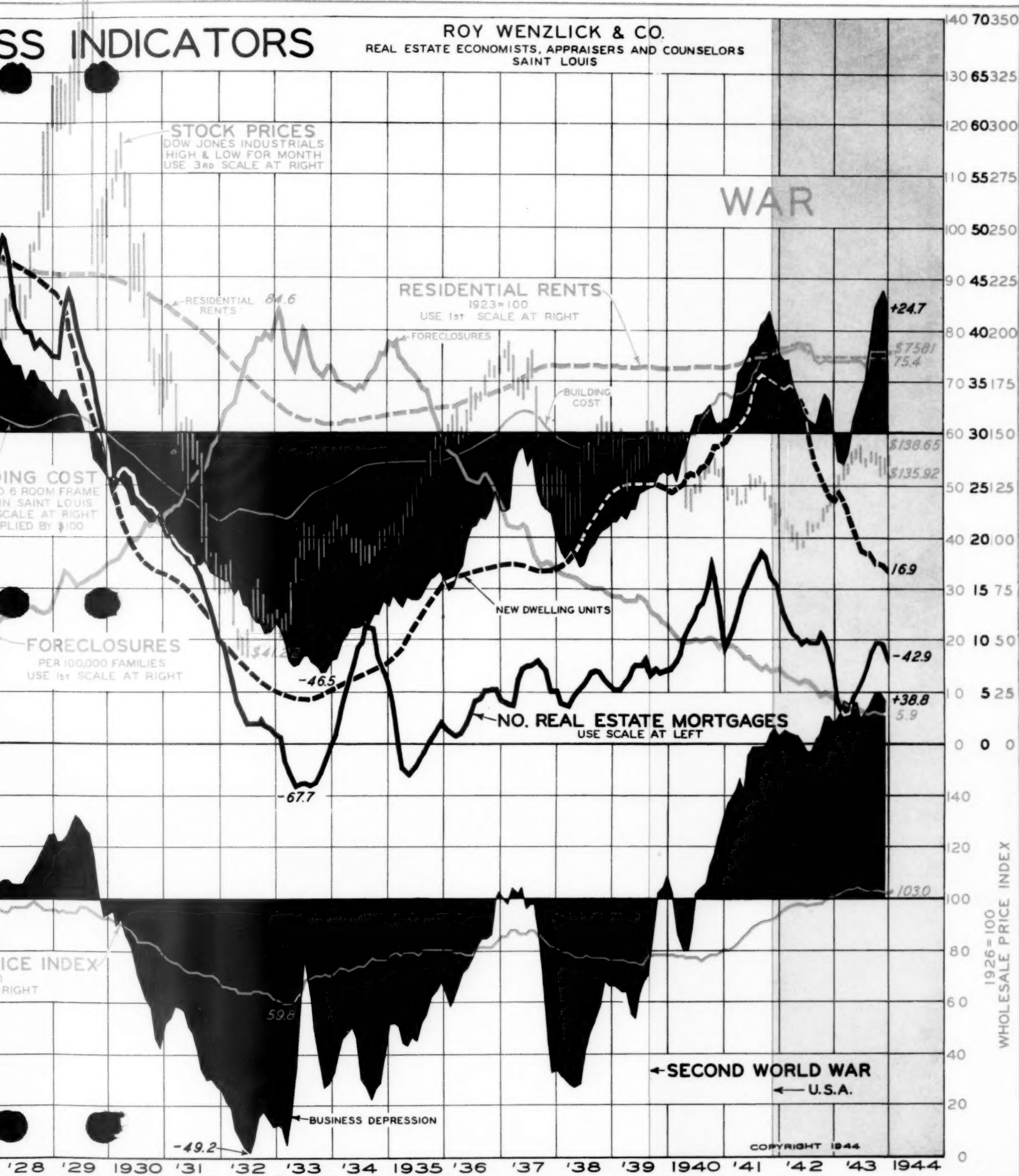
A great deal of lumber is being needed overseas. After the capture of Naples it was necessary to rebuild the docks in order to land materials for our troops. This took 2 thousand carloads of lumber. The need for lumber in northern France after the invasion gets under way will be tremendous.



\$381.17

SS INDICATORS

ROY WENZLICK & CO.
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS
SAINT LOUIS



For a number of years our lumber production has been insufficient to take care of the current needs, with the result that stocks of lumber at the mill are now off 50% and in the retail yards 65% from normal levels.

BUILDING COSTS

The cost of building the standard six-room frame residence in St. Louis in January was \$7581. This cost has not changed during the past three months. It compares with \$7444 in January 1943.

BUSINESS ACTIVITY

We believe that business activity has reached a peak and that there is slight chance of this peak being exceeded by any substantial amount during 1944. We think it is more probable that drops will occur during the year, ending the year considerably below the current level.

FORECLOSURES

The foreclosure rate had an infinitesimal rise over the all-time low of the preceding month but this rise is not significant in any way. Foreclosures will remain low during 1944 as there is no real reason why a rise should be expected.

RESIDENTIAL RENTS

There has been no change in the index of residential rents during the past year and there will be only microscopic changes during 1944. Rent control has been effective not only in the United States but in all other countries in which it has been used.

WHOLESALE PRICES

The preliminary figure for wholesale prices for January shows relatively little change in comparison with the November and December figures. We think that concealed price rises have occurred, but these have taken the form of further deterioration of quality rather than an upward movement of price on identical objects.

ROY WENZLICK & CO. announces the opening of a New York office in the Lincoln Building at 60 East 42nd Street, New York 17, New York. The telephone number is Murray Hill 2-4252. The office is in charge of E. G. Johnson, who has been with the company for many years.



VOLUME XIII

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JANUARY
1944

Roy Wenzlick
Editor

PRIVATE RESIDENTIAL BUILDING IN 140 METROPOLITAN AREAS

PRIVATE residential building in all metropolitan areas of the United States as defined by the 1940 Census, is charted on the following pages. The 140 areas include all areas in which the central city has a population of more than 50,000.

Every effort has been made to make this report complete. In each city all suburbs, incorporated and unincorporated, have been contacted, and in all except fourteen it has been possible to include practically all of the suburbs within the metropolitan area. For example, the New York City figure includes the building in 305 suburban communities; Philadelphia, 154; Pittsburgh, 157; Chicago, 99; and Detroit, 65. In all, more than 2200 communities are represented on these charts.

The Bureau of Labor Statistics in Washington has collaborated to the fullest extent in furnishing figures they have accumulated on various communities. These have been brought up to date by direct correspondence with the individual cities and towns.

In all cities new building is expressed as the number of new family accommodations being built per month per 10,000 families in the metropolitan areas. In the computation, a single-family dwelling counts one, a two-family dwelling counts two and a twenty-four-family apartment counts twenty-four. All Federal subsidized slum clearance projects and Government financed defense housing have been excluded; only building under private initiative is significant from the standpoint of showing demand strong enough to pay the unsubsidized cost. (At present, however, even though the demand is strong, many private investors are deterred from building by the heavy restrictions and also by the fact that the demand is temporary.) Buildings privately built and financed with FHA loans are included on the charts.

All figures both on individual cities and on national averages have been corrected for seasonal fluctuations.

The blue italicized numerals on each chart give the number of private new family accommodations built in the last three months; these are actual figures and are not adjusted for the number of families. The red italicized numerals give the corresponding figures for the same period of a year ago.

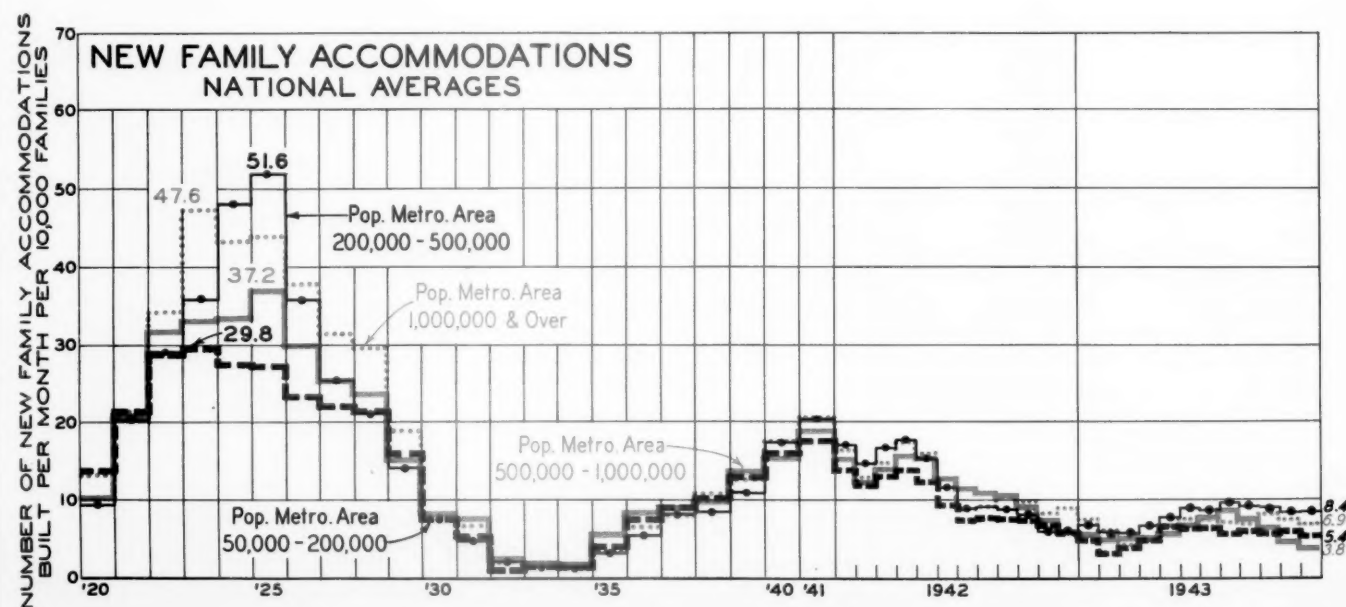
Each chart shows the 1940 population of the metropolitan area included in the figures.

It should be noticed that separate averages (medians) have been used for four groupings of metropolitan areas. The average number of new family accommodations built per month per 10,000 families is shown from 1920 to the present for metropolitan areas having from 50,000 to 200,000 people (the dashed red line); for areas having from 200,000 to 500,000 people (the beaded red line; from 500,000 to 1,000,000 people (the solid red line); and for those areas having a population of over 1,000,000 (the dotted red line). Eighty areas fall into the first category; thirty-eight in the second; and eleven each in the third and fourth.

On each area chart is shown in red the national average for areas in its grouping in contrast to the blue line which shows the figures for the specific area. The averages used on the area charts are medians. A median average is found by arranging the data in order of size and selecting the amount at the midpoint. Because a median average thus eliminates the influence of the extremes, it gives a very good picture of the typical area in each group. A direct comparison can be made between each area and the median average of its group.

On the chart below we have shown national averages for each of the groupings of metropolitan areas -- (1) 50,000 to 200,000 population, (2) 200,000 to 500,000 population, (3) 500,000 to 1,000,000 population and (4) 1,000,000 population and over. These averages should more properly be called arithmetic means. An arithmetic mean is what most people think of when they hear the word average, and it is obtained by adding the amounts of all the items and then dividing by the number of items. It will be noticed that the arithmetic mean, being influenced by areas with a greatly accelerated rate of new building, is above the median average of each of the groupings. The arithmetic means are given for each grouping so that a comparison of new building can be made on a volume basis.

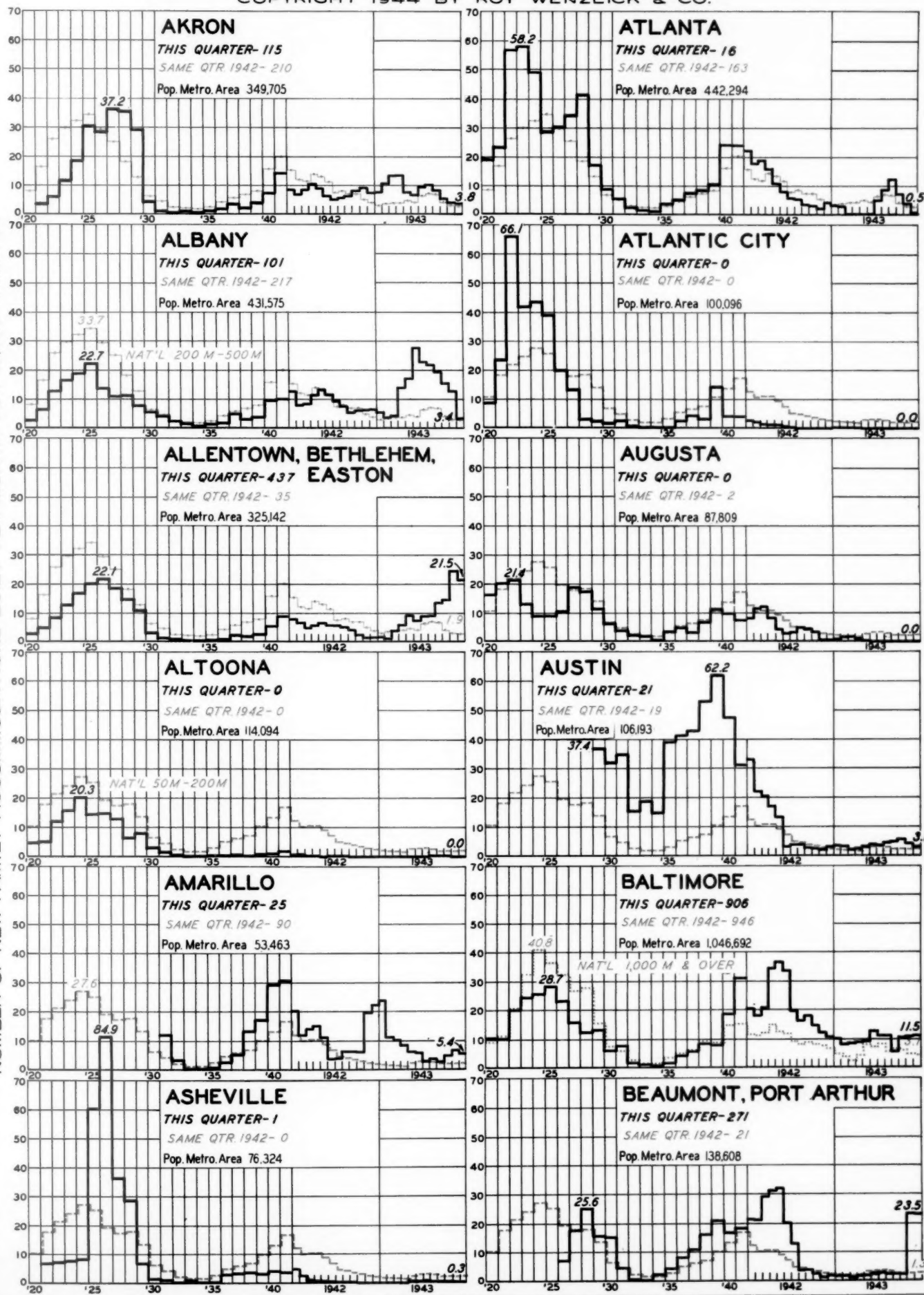
Both averages (median and mean) follow the same general trends. From 1934 to the late summer of 1941 the trend was consistently upward. Since then, however, the trend has been down. Building in many cities has practically disappeared and this condition will continue until the war ends in Europe.



NEW FAMILY ACCOMMODATIONS PER 10,000 FAMILIES

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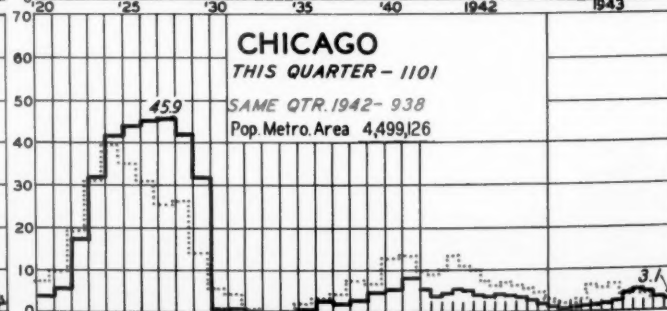
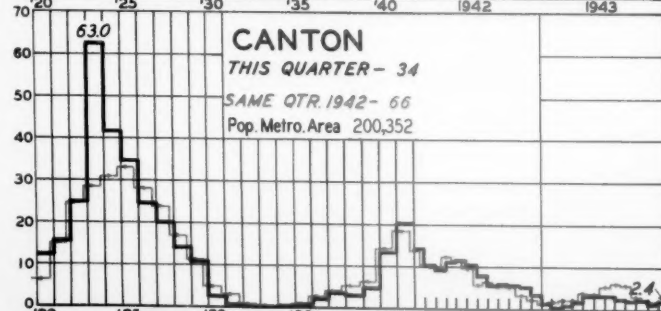
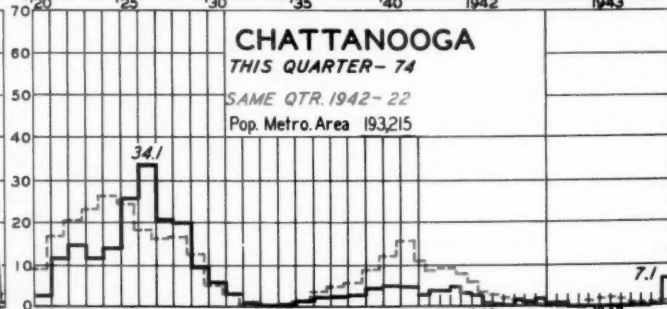
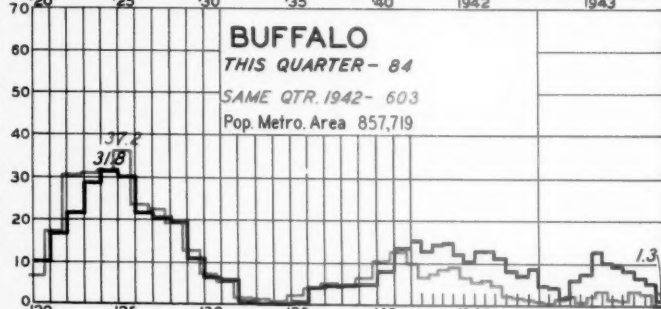
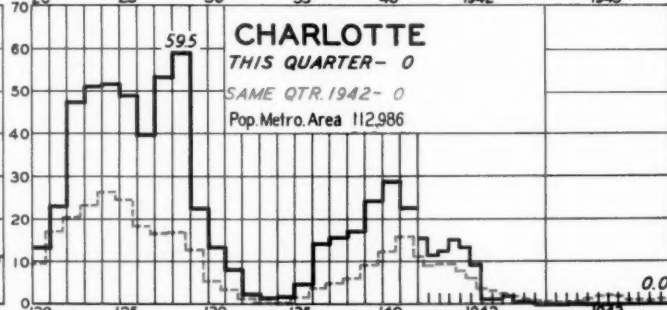
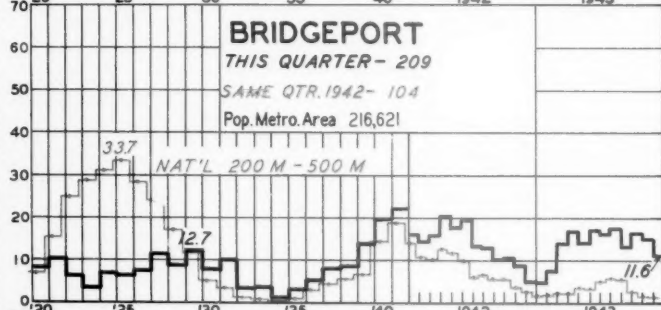
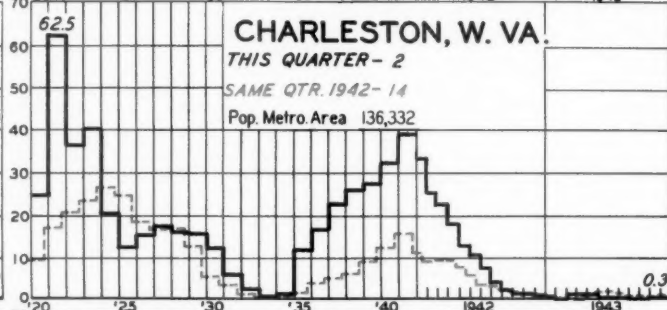
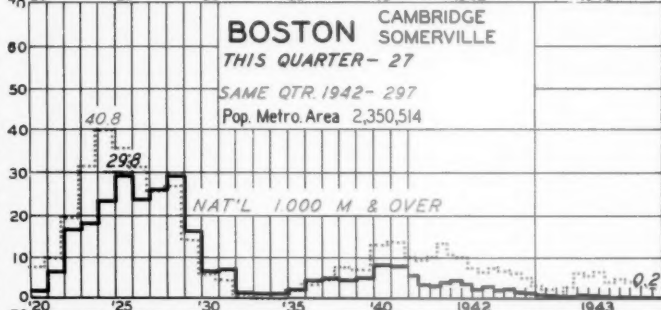
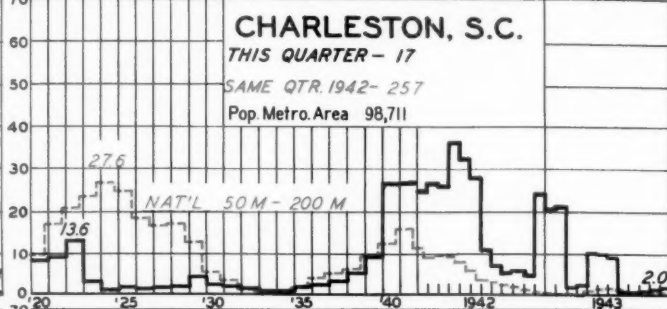
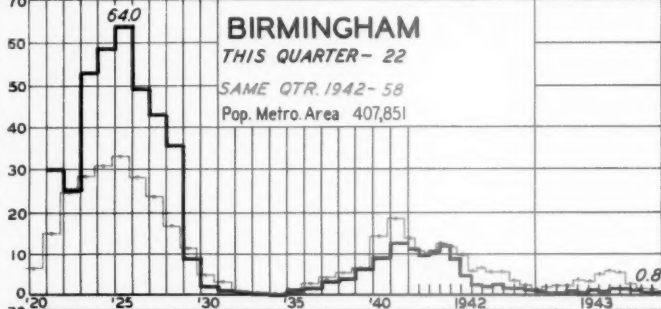
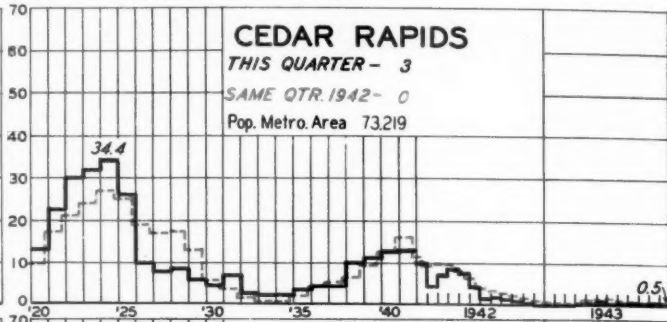
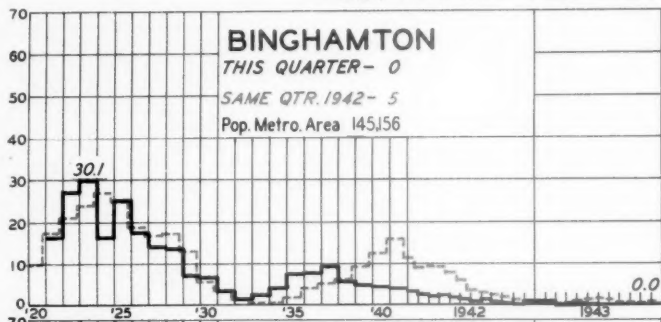
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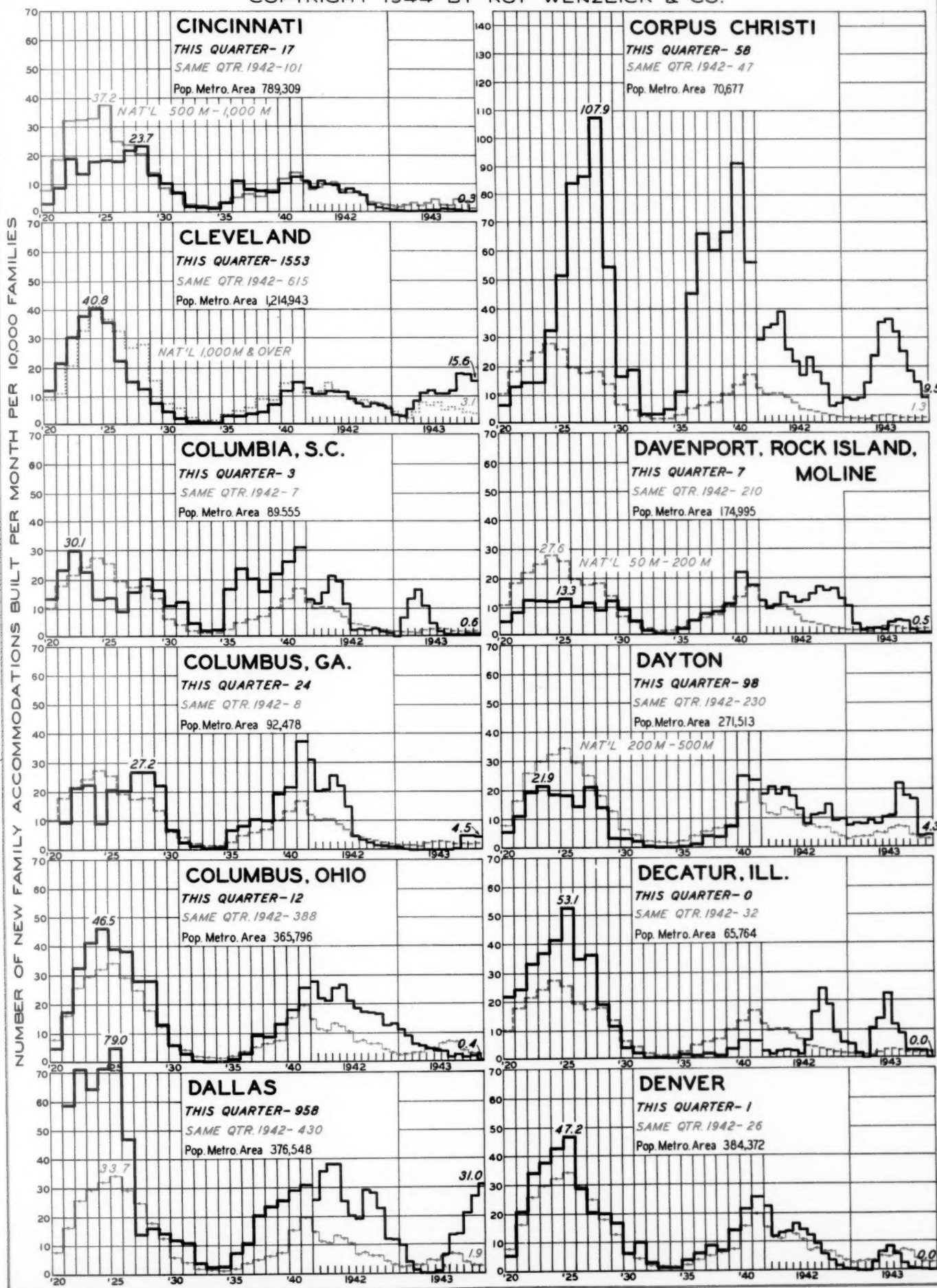
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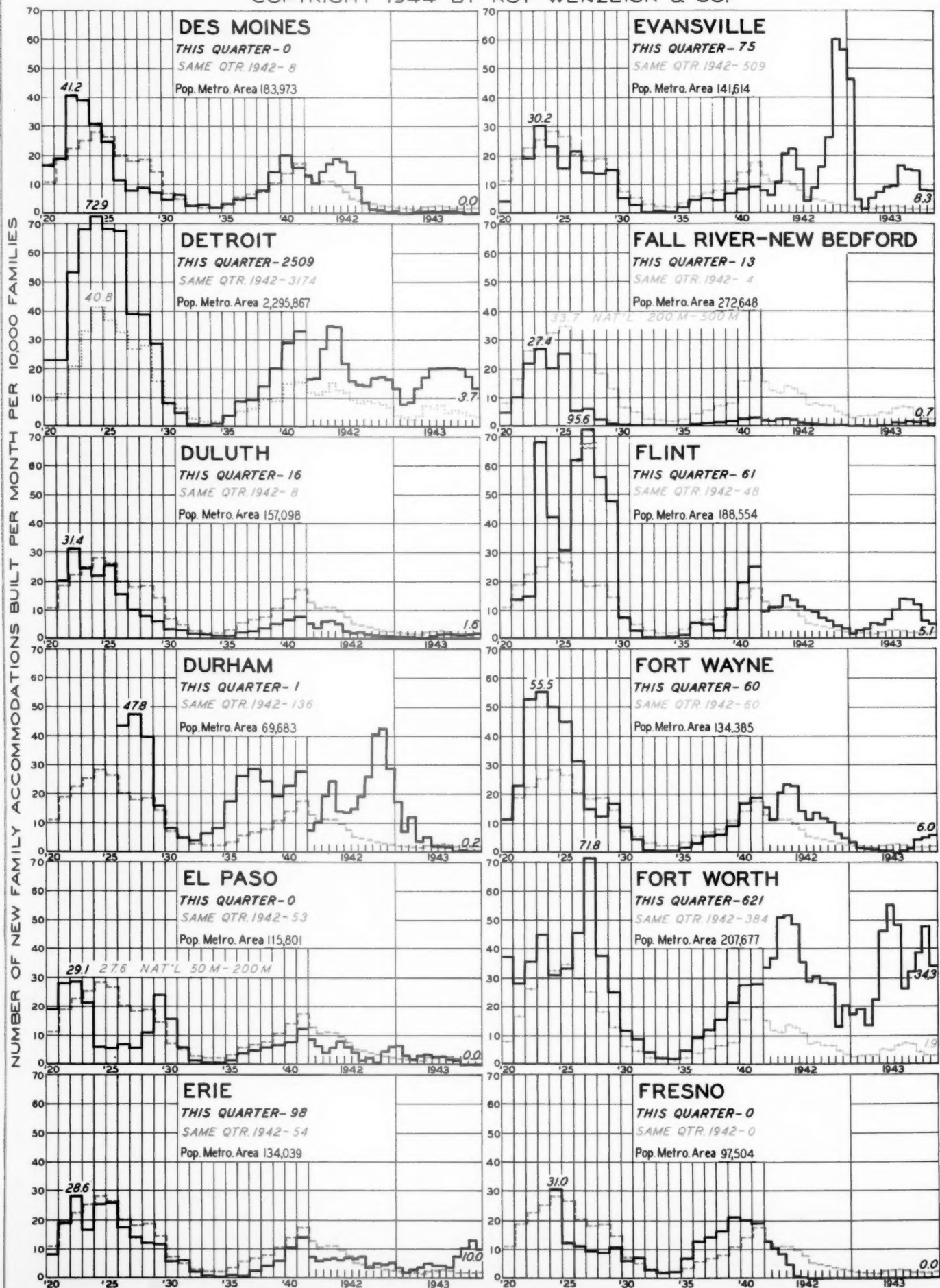
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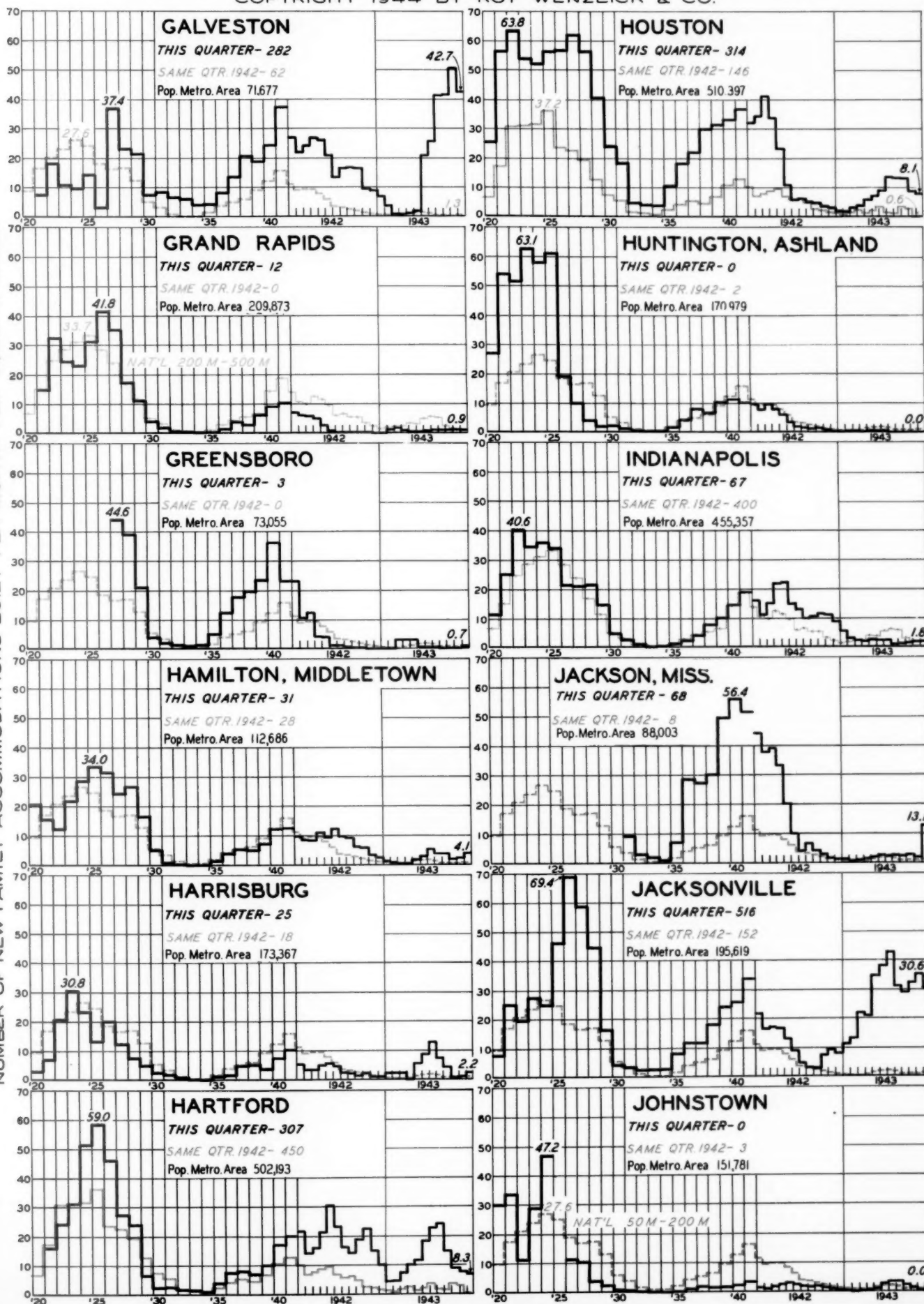
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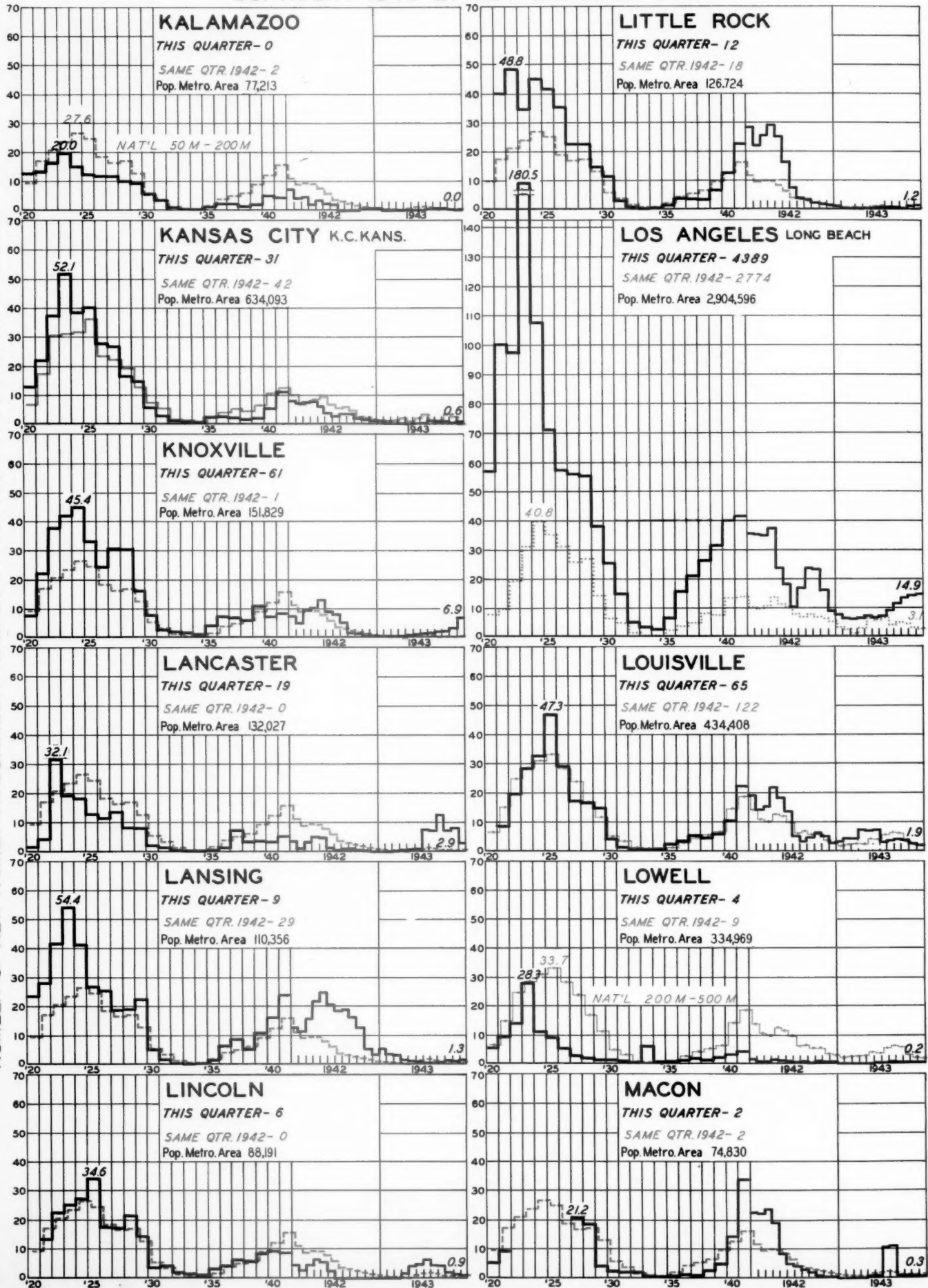
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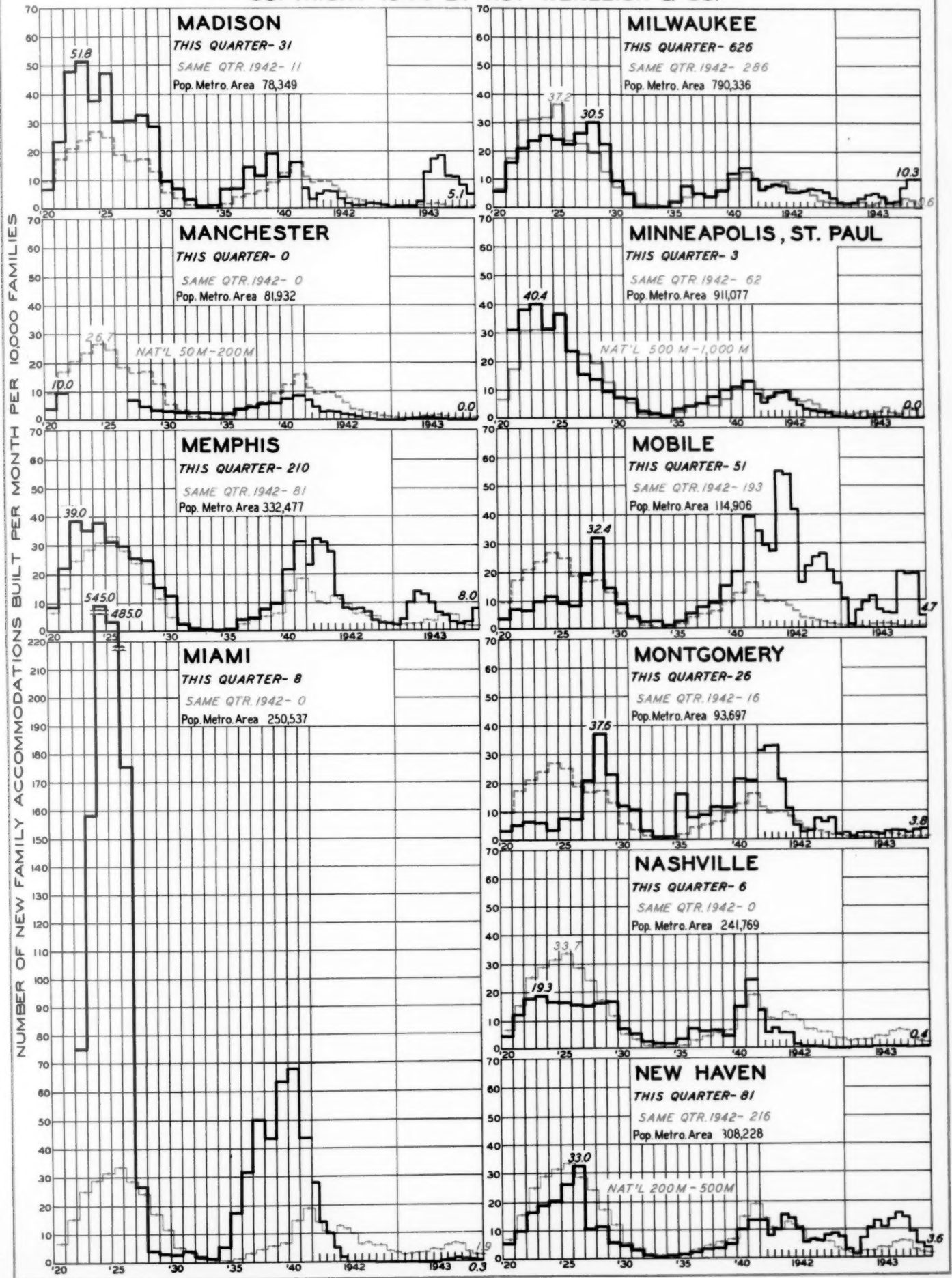
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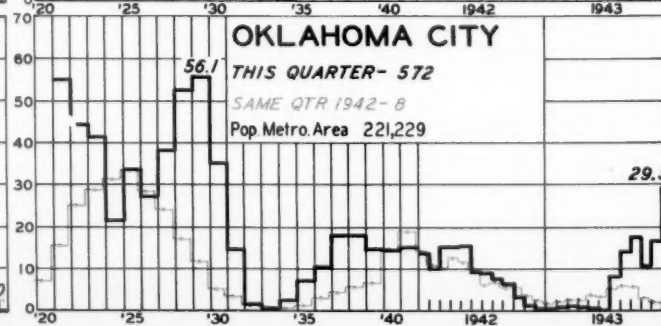
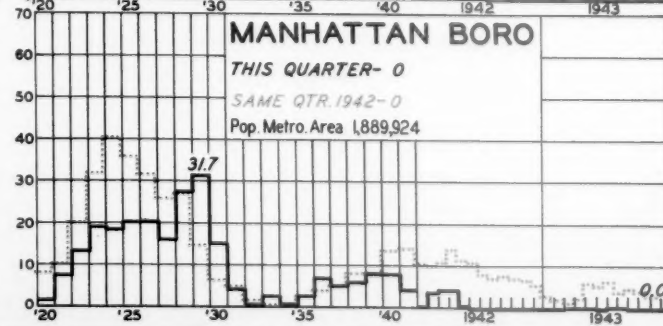
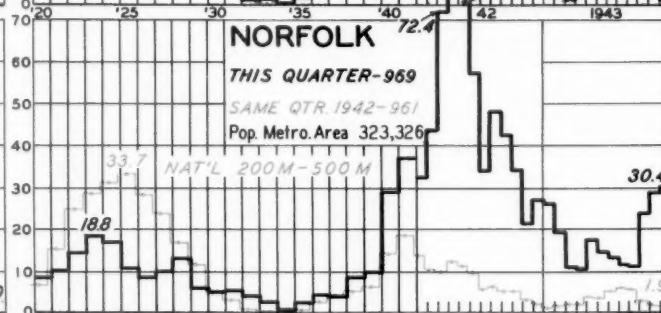
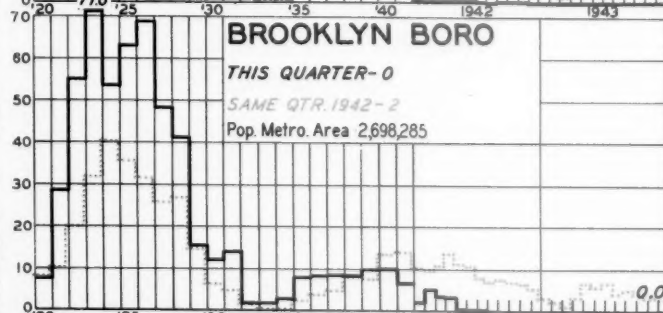
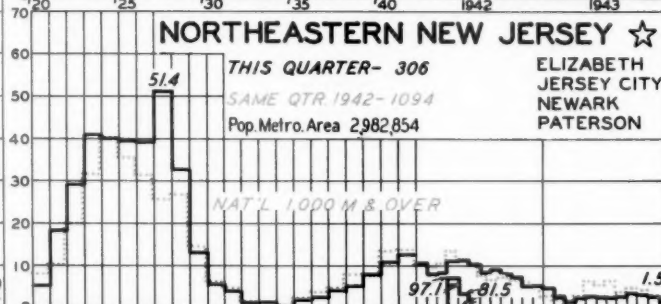
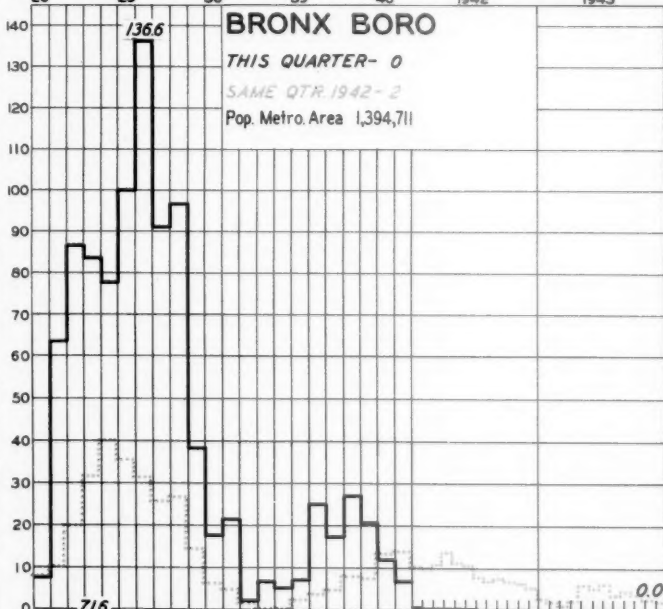
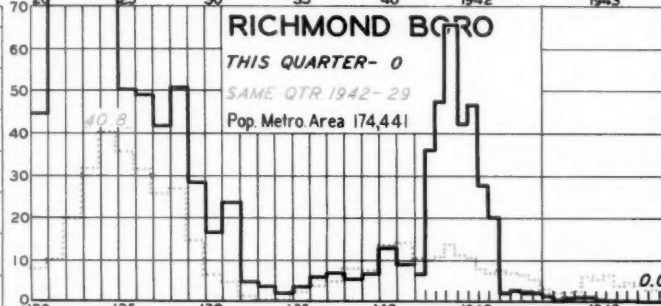
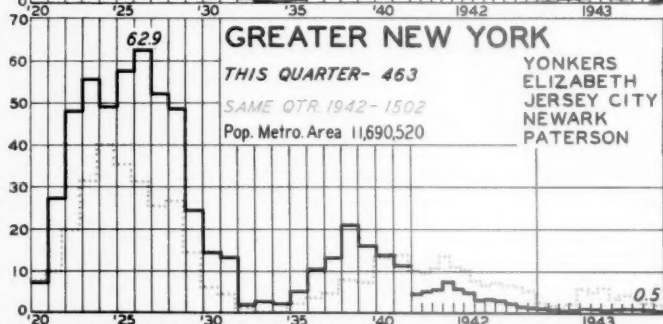
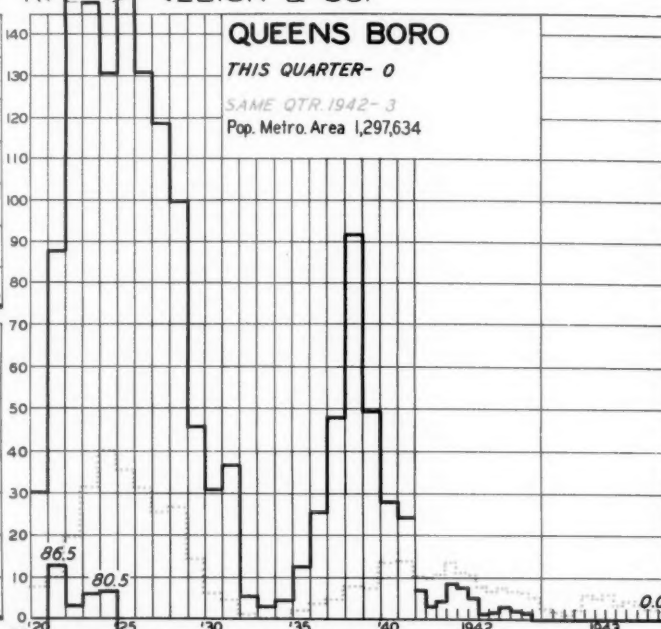
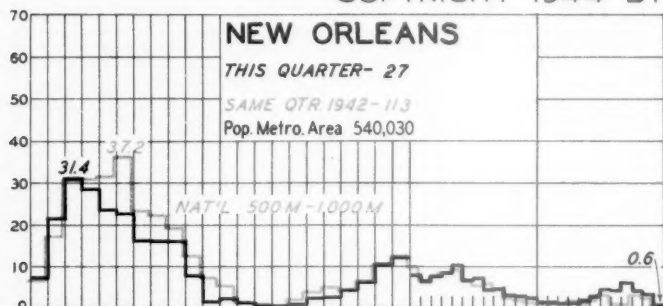
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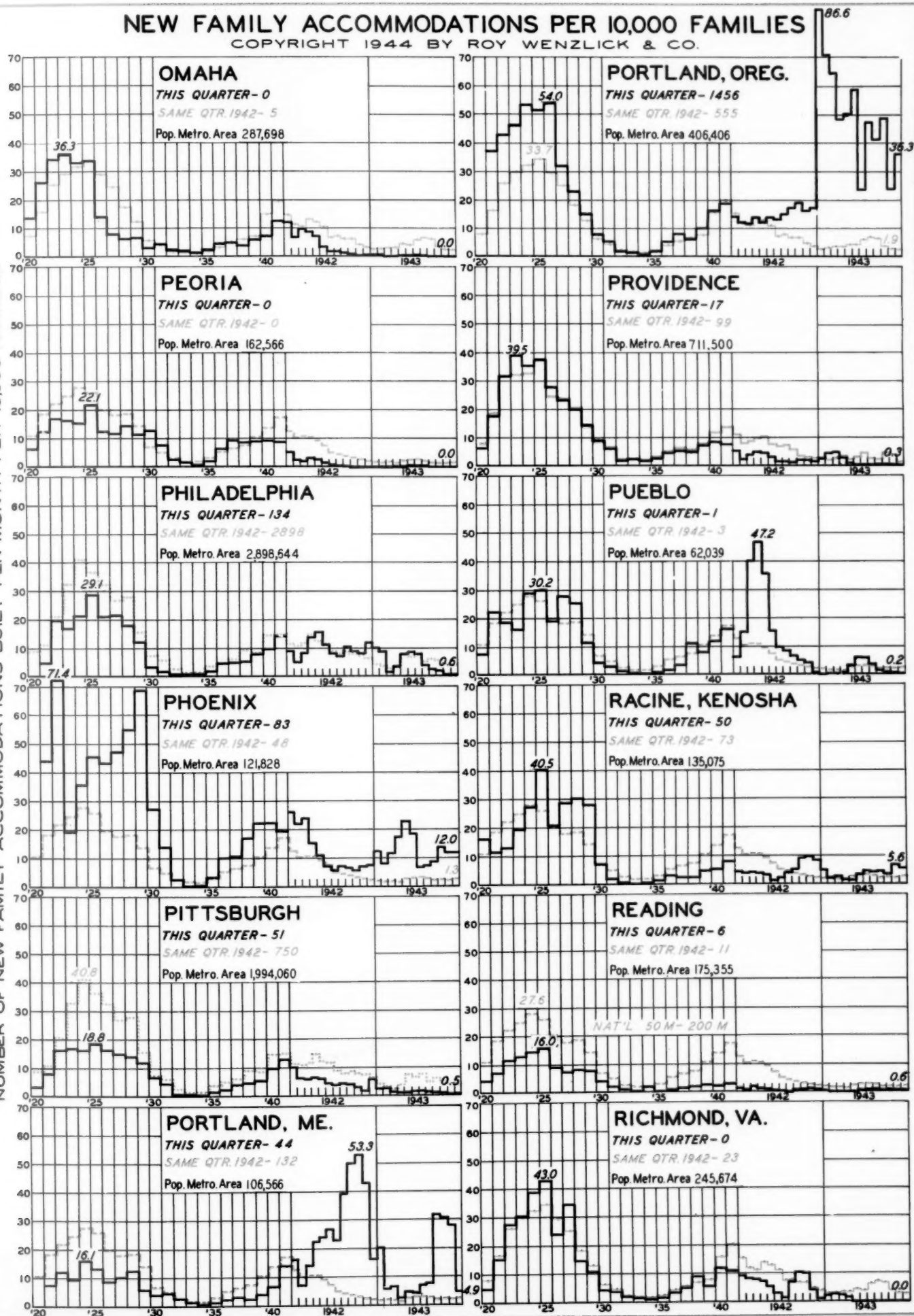
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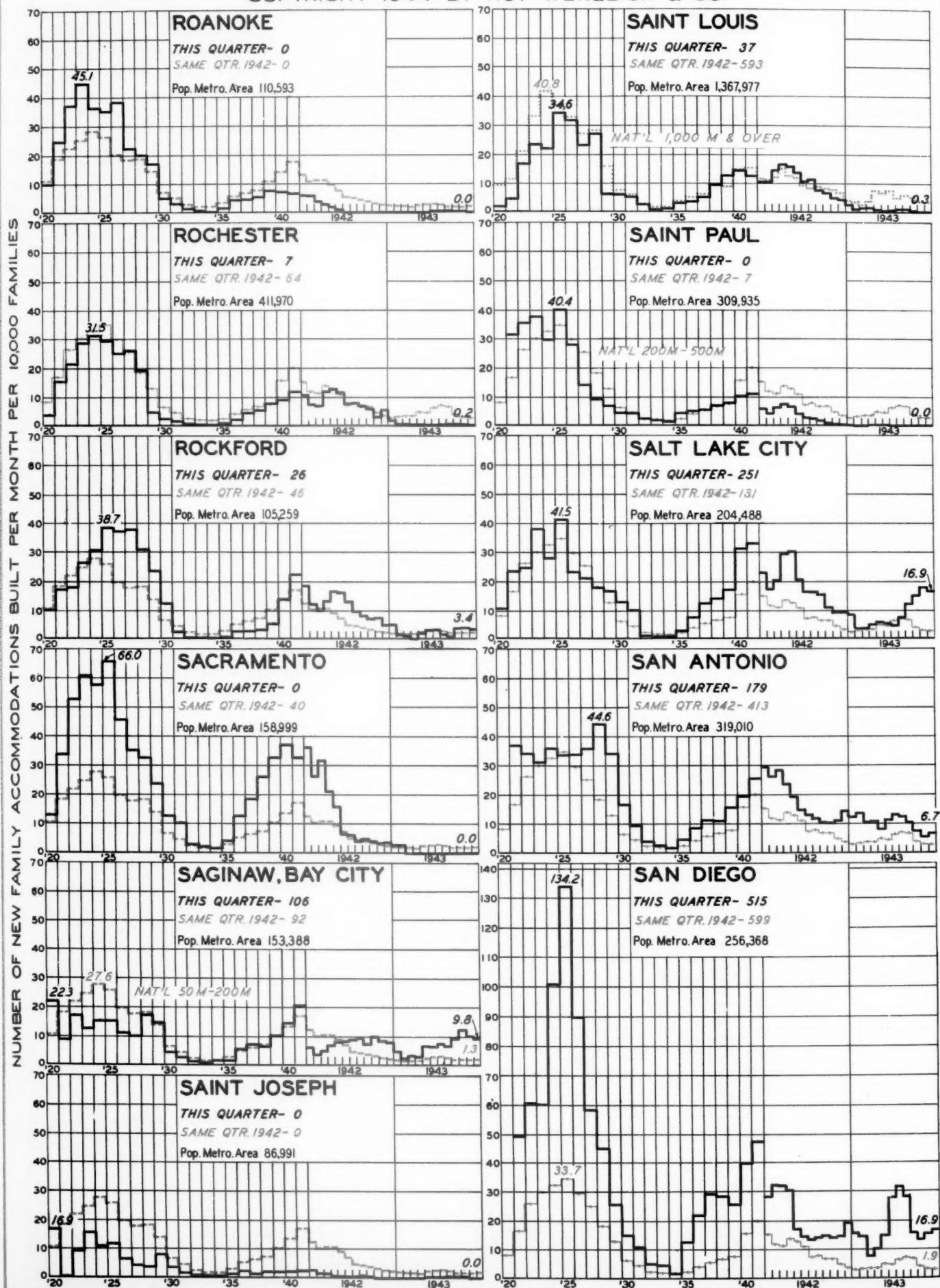
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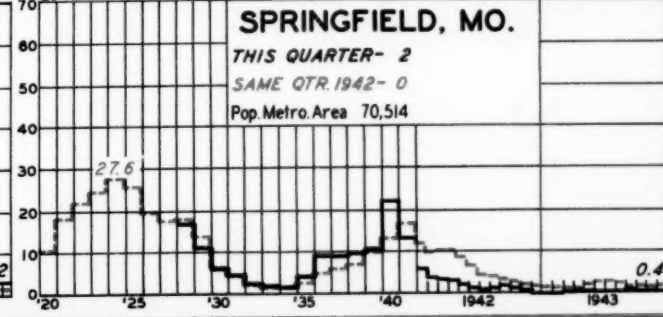
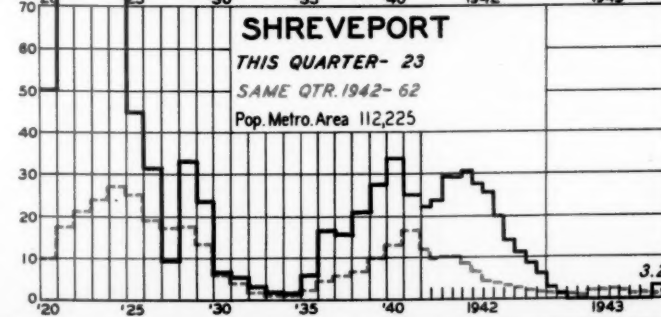
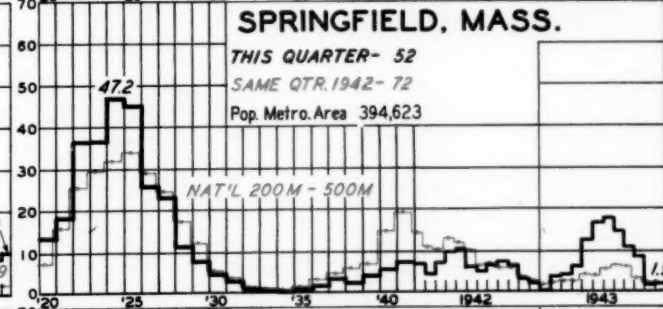
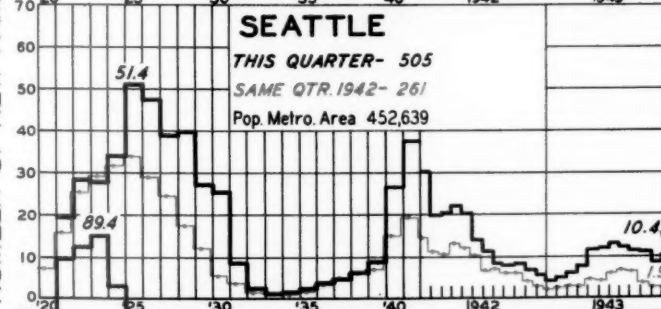
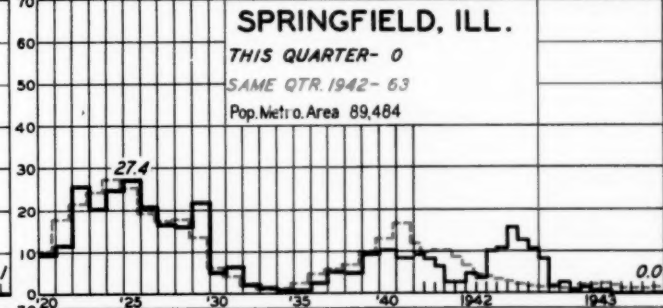
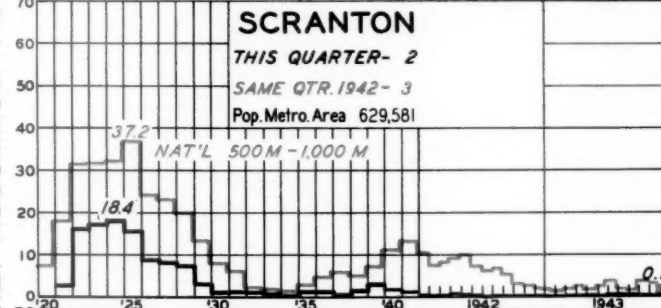
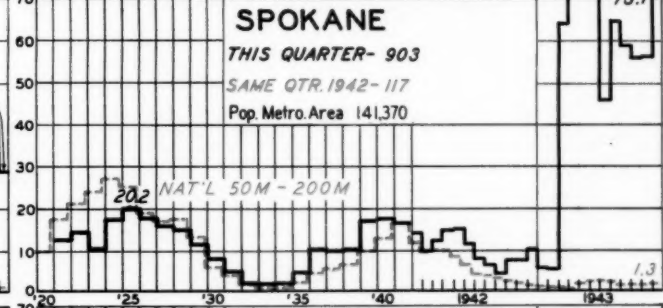
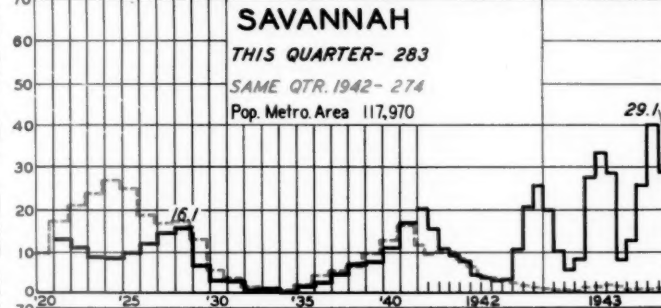
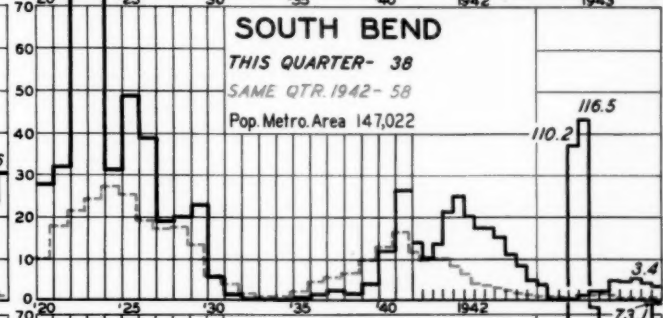
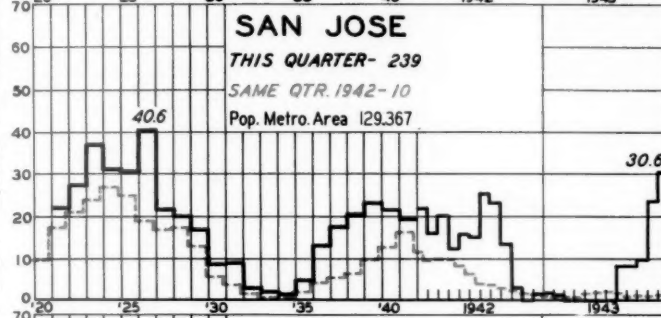
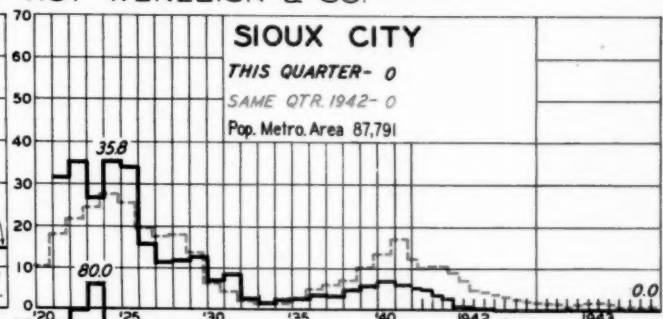
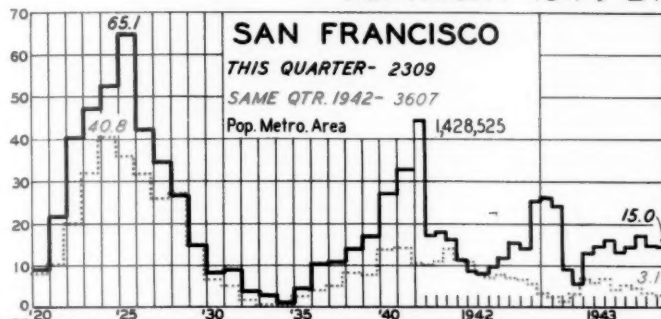
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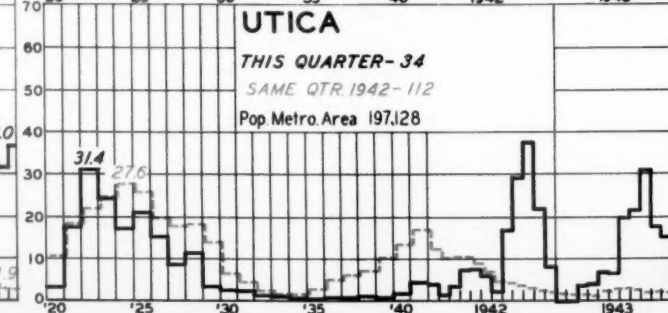
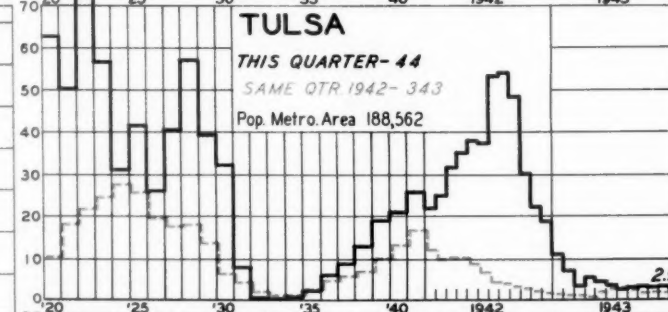
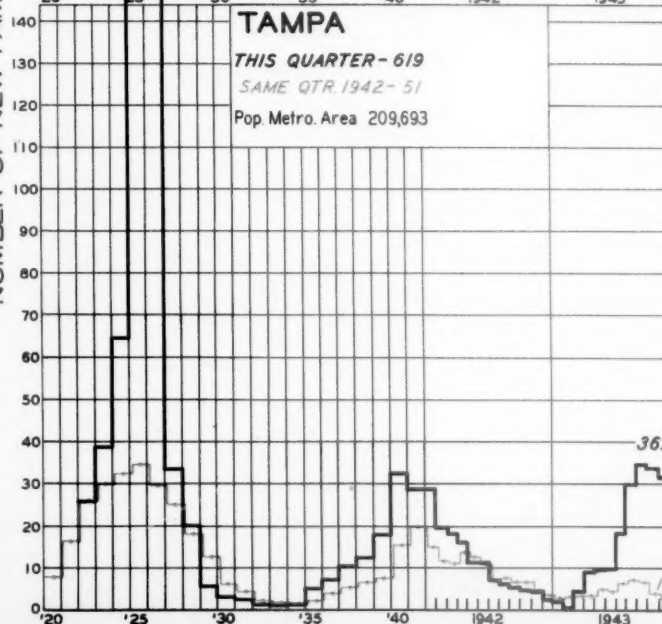
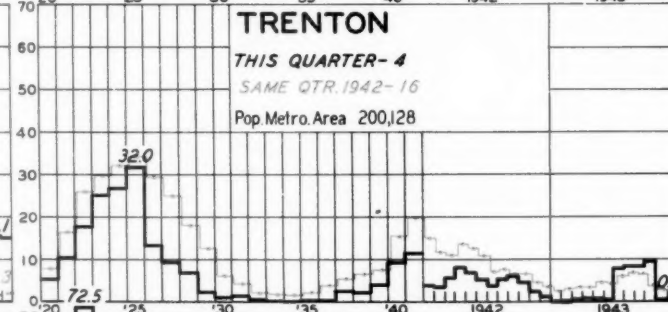
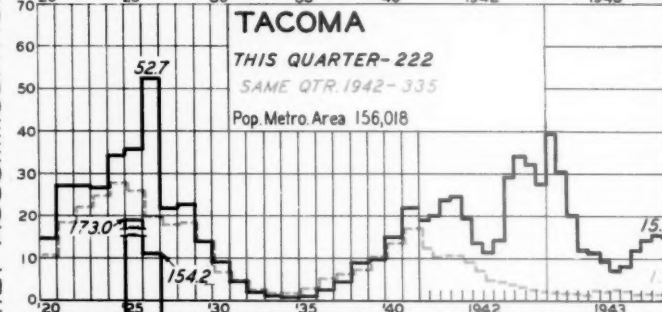
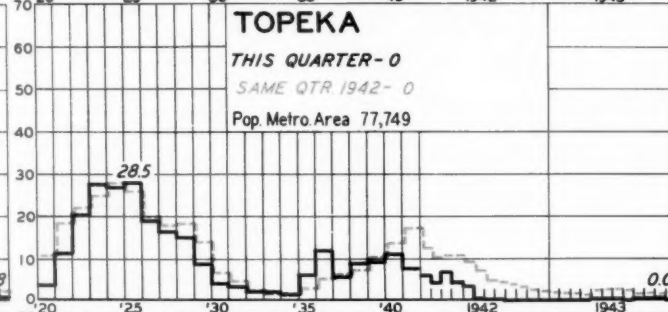
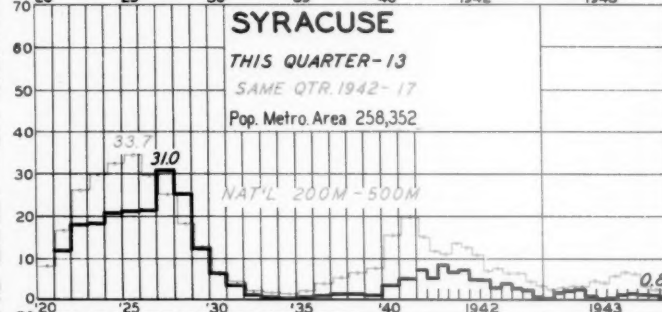
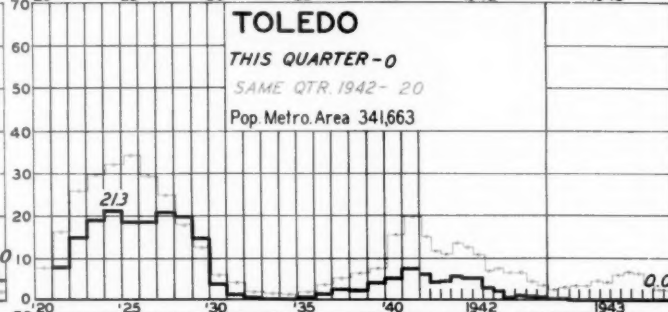
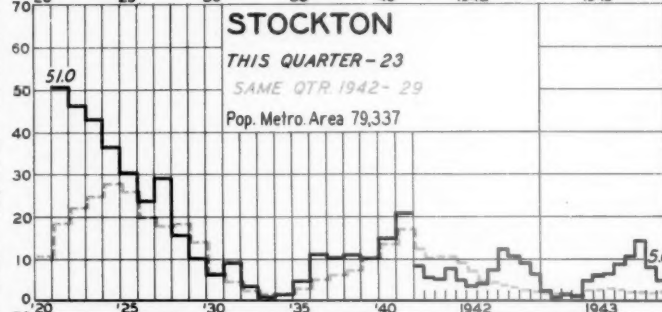
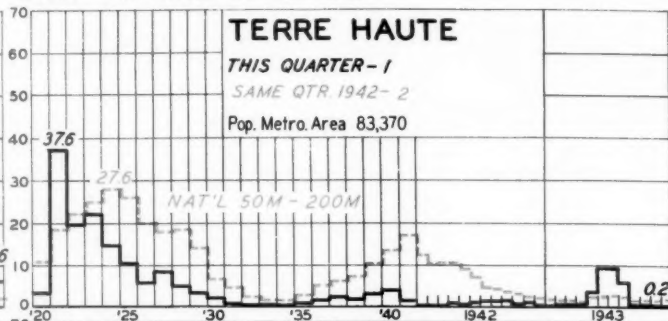
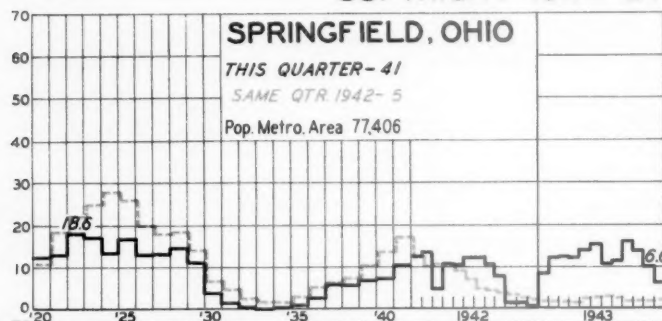
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